



UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Development  
Temple, Texas

ISSUE NO.  
DATE  
Distribution

Texas PN No. 39  
January 23, 2004  
SLO

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## STATE PROCEDURE NOTICE

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### TEXAS RD MANUAL CHANGES

#### INSERT Texas RUS Instruction 1780 Subpart C

Subpart C – PLANNING, DESIGNING, BIDDING, CONTRACTING, CONSTRUCTING AND INSPECTIONS. Revised to correct references to State agencies and other minor consolidations and corrections.

#### REMOVE

Texas RUS Instruction 1780, Subpart C and  
Appendix A (rev. 03/02)

#### INSERT

Texas RUS Instruction 1780, Subpart C and  
Appendix A (rev. 11/2003)

### NOTICE

(SLO)

TEXAS USDA RURAL DEVELOPMENT FORMS & BULLETINS REFERENCE LIST. The attached Texas USDA Rural Development Forms & Bulletins Reference List is revised and updated through this Procedure Notice. It contains RD TX Forms, RUS TX Bulletins, and Guide Letter.

#### REMOVE

State Forms Reference List dated July 2003

#### INSERT

Texas Forms & Bulletins Reference List dated 01/2004

### TEXAS FORM REPLACEMENT

RD TX 1924-13B  
(SLO)

PERFORMANCE BOND revised 1-04. The form is revised to correct typographical errors. This form is available on the Texas USDA Rural Development web page <http://www.txtemple.fsc.usda.gov/cgi-bin/forms/home.pl>. No paper copy distribution of this form will be made.

#### REMOVE

RD TX 1924-13B (rev. 05/2003)

#### INSERT

RD TX 1924-13B (rev. 1/04)

**READ PROCEDURE – DISCUSS IN STAFF CONFERENCE**

RD TX 1927-11  
(SLO)

TEXAS WARRANTY DEED revised 12-03. The form is renumbered from RD TX 3550-1 and is revised to add required privacy statement on page 1. This form is available on the Texas USDA Rural Development web page <http://www.txtemplate.fsc.usda.gov/cgi-bin/forms/home.pl>. No paper copy distribution of this form will be made.

REMOVE

FMI RD TX 3550-1 (rev. 11/97)

INSERT

FMI RD TX 1927-11 (rev. 12/03)

RD TX 1942-19  
(SLO)

MEDIAN FEES FOR PROFESSIONAL ENGINEERING SERVICES AS A PERCENTAGE OF NET CONSTRUCTION COST revised 01/04. The form is revised to correct reimbursable mileage amount and consolidate the previous version. This form is available on the Texas USDA Rural Development web page <http://www.txtemplate.fsc.usda.gov/cgi-bin/forms/home.pl>. No paper copy distribution of this form will be made.

REMOVE

RD TX 1942-19 (rev.01/03)

INSERT

RD TX 1942-19 (rev. 01/04)

RD 3550-14 TX  
(SLO)

DEED OF TRUST FOR TEXAS revised 12-03. The form is revised to add required privacy statement on page 1. This form is available on the Texas USDA Rural Development web page <http://www.txtemplate.fsc.usda.gov/cgi-bin/forms/home.pl>. Copies of the Deed of Trust for Texas are being distributed to all local offices by regular mail.

REMOVE

FMI RD 3550-14 TX (rev. 11/97)

INSERT

FMI RD 3550-14 TX (rev. 12/2003)

**TEXAS BULLETIN  
REPLACEMENT**

RUS TX 1780-13 att 6 PB  
(SLO)

PAYMENT BOND revised 12/2003. The form is revised to eliminate the requirement to file the bond and contract with the county clerk. This form is available on the Texas USDA Rural Development web page (<http://www.rurdev.usda.gov/tx/rusforms.htm>). No paper copy distribution of this form will be made.

REMOVE

FMI - RUS TX Bulletin 1780-13 att 6-PB (3/2002)

INSERT

FMI RUS TX Bulletin 1780-13 att 6-PB (12/2003)

**Subpart C - PLANNING, DESIGNING, BIDDING, CONTRACTING,  
CONSTRUCTING AND INSPECTIONS**

This instruction can be found at the following web site address:  
<http://www.rurdev.usda.gov/tx/rusdocs.htm>

**1780.53 GENERAL.**

This State Instruction supplements RUS Instruction 1780, Subpart C – Planning, Designing, Bidding, Contracting, Constructing and Inspections. This Instruction should be carefully reviewed along with RUS Instruction 1780 and RUS Bulletin 1794A-602 prior to developing a project.

**1780.54 TECHNICAL SERVICES.**

Each applicant is responsible for selecting its engineer. Any engineer registered in Texas with sufficient experience, capital, equipment and staff to design the project may contract with the applicant. Compensation for engineering design and contract administration services should be based on percentage of net construction costs. The following forms can be used when contracting for engineering services:

- Form RD 1942-19 (Rev. 10/96), Agreement for Engineering Services, with Form RD-TX 1942-19, Attachment I (Texas), 5 pages, “Median Fees for Professional Engineering Services as a Percentage of Net Construction Cost” or
- EJCDC\* No. 1910-1-FA (2002 Edition), Standard Form of Agreement Between Owner and Engineer for Professional Services, Funding Agency Edition, and Exhibits, including Attachment I (Texas), 6 pages.

\* (EJCDC = Engineers Joint Contract Documents Committee)

**1780.55 PRELIMINARY ENGINEERING REPORTS AND ENVIRONMENTAL REPORTS.**

**I. Preliminary Engineering Reports will be prepared by the applicant’s engineer. It shall be bound, dated, signed and sealed by the design engineer registered in the State of Texas. It will be prepared in accordance with the following applicable bulletins:**

- ◆ RUS Bulletin 1780-2, Preliminary Engineering Report, Water Facility
- ◆ RUS Bulletin 1780-3, Preliminary Engineering Report, Sewerage Systems

- ◆ RUS Bulletin 1780-4, Preliminary Engineering Report, Solid Waste Disposal Systems
- ◆ RUS Bulletin 1780-5, Preliminary Engineering Report, Storm Waste – Water Disposal
- ◆ RUS Bulletin 1794A-602 Guide for Preparing the Environmental Report for Water and Waste Projects including the State Supplement

The bulletins can be found at <http://www.usda.gov/rus/water/regs-bulletins.htm>

The preliminary engineering report is normally the only engineering report required by USDA Rural Utilities Service (RUS). It establishes the PROJECT SCOPE, FUNDING REQUIREMENTS, and outlines the BASIC PROJECT DESIGN. It should be submitted together with the environmental report. Any changes in the proposed project after approval of the preliminary engineering report will require an amendment be provided by the applicant's engineer for USDA Rural Development review and approval.

## BASIC INFORMATION REQUIRED

- A. Water Systems
- B. Sewer Systems
- C. Solid Waste Disposal Systems/Collection
- D. Storm waste – Waste Disposal

### **A. Water Systems**

1. System Plan Map should include the following:
  - a. Scale, 1" = 2000' for rural type water systems. For urban systems this scale may need to be 1" = 1000' to 1" = 500'. All information must be clearly shown and legible.
  - b. Topographic information in the form of contour lines with critical elevations shown, such as at: plant sites, elevated tanks, wells, 100- year and 500-year floodplain, etc.
  - c. Meter Distribution. Distinguish between residential and commercial and wet and dry taps. New meters should be identified by number and referenced to a member list for water supply corporations.
  - d. Location of all existing and proposed lines with their respective diameters clearly shown. Proposed lines should be highlighted.
  - e. Location of all plants, wells, control valves, etc., should be included.
  - f. Plant service area boundaries should be shown and operating and static pressure provided in feet MSL.
  - g. Hydraulic Computation Nodes should be shown.
  - h. Highlight known low pressure areas and potential low pressure areas as

identified from the hydraulic analysis of the existing system.

2. Hydraulic Computations should include:

In table form; head loss calculations for each connection, number of connections, flow in gallons per minute (gpm), distance in feet, diameter of pipe in inches, head loss in feet/100, frictional head loss between connections, cumulative head loss from source to connection, elevation of each connection, operating and static head at each connection and a “Remarks” column to show location of in-line or individual pressure controls, etc. An explanation of tabulated data should accompany tables and should include appropriate friction factors used. For extension of existing systems, the analysis should begin back at the supply source.

- a. Analysis of existing system at 1.0 gpm per meter. This should identify potential low pressure areas.
  - b. Analysis of system with proposed improvements at 1.5 gpm. This should provide basic design and sizing of system to meet Texas Commission on Environmental Quality (TCEQ) and USDA Rural Utilities Service requirements.
  - c. Analysis at static conditions. This should establish pressure pipe classification requirements and locations of pressure reducing stations.
3. Historic growth data and curve. This should be obtained from actual growth data of the system.
4. Water loss accounting data shall be provided for the most recent 12 month period. Data should be presented in table form and include the volume of water pumped or purchased, water sold, and percent of water loss for each month. Water loss should not normally exceed 15 percent.
5. Analysis of existing facilities with respect to TCEQ requirements to include: supply (well), ground storage, elevated storage, high service pump capacity, and pressure tanks. Proposed facilities must comply with TCEQ requirements.
6. The evaluation of a well for water supply shall include:
  - a. A chemical analysis of the nearest well in the formation to be developed.
  - b. A comparison of the analysis with Texas Commission on Environmental Quality (TCEQ) Standards.
  - c. The name of the formation and proposed well depth.
  - d. Basic ground water hydrology in the area and of the formation to be developed.
  - e. Location of the proposed well with respect to existing wells in the area.

7. Information shall be provided for each plant (pump station, elevated tank, standpipe, etc.) to include:
  - a. Number of meters provided direct service and number of meters provided indirect service.
  - b. Pump capacity (actual and TCEQ requirement).
  - c. Pressure tank capacity (actual and TCEQ requirement).
  - d. Ground storage tank capacity (actual and TCEQ requirement).
  - e. Elevated storage capacity (actual and TCEQ requirement).
  - f. Standpipe capacity, dimensions, and capacity above 35 psi with respect to the highest meter.
  - g. Static pressure of plant service area in feet Mean Sea Level. For hydro-pneumatic plants this would be the cut-off pressure; for standpipes/elevated tanks, it would be the overflow elevation.
  - h. Supply available to plant and supply required by TCEQ.
8. Water system/treatment design alternatives.
9. Detailed cost estimate to include unit cost of all pipe, valves, road crossings, stream crossings and all distribution system appurtenance as it will appear in the bid schedule. Estimated cost of wells and plant work should also be broken into components. A contingency not to exceed 10% of construction cost should be included. Engineering costs should be separated as it is in the Agreement for Engineering Services. Other costs should be included, such as: interest during construction, land, legal, water rights, etc. Administrative cost should not be included in the proposed USDA Rural Utilities Service funding requirements.
10. Funding from USDA Rural Utilities Service, State, and other funding sources MUST be clearly distinguished in the detailed cost estimate.
11. The report must demonstrate that the proposed project complies with USDA Rural Utilities Service Instructions. RUS Instruction 1780, Subpart 1780.10, provides that loan and grant funds may not be used to finance facilities which are not modest in size, design, and cost.
12. Annual Operating Budget. The report should contain the annual operating cost, as well as a typical operating budget. The budget should include principal and interest on loan, power cost, water cost if purchased, maintenance, labor, taxes, insurance, audits, equipment leased, reserves, and other costs. The minimum annual reserve payment must be equal to 1/10 of the annual payment. Avoid including dry taps in calculating income from water sales and livestock water meters, unless no other livestock water supply will be available. The budget should be prepared on Form RD 442-7, "Operating Budget," in consultation with the applicant and USDA Rural Development local office personnel. The income from dry taps should be shown on a separate line and not be included in the feasibility of the project. Include all taxes for State, County, schools, etc.

## **B. Sewer Systems**

Life cycle cost analysis for the wastewater collection and treatment facilities should always be provided.

1. Collection System Plan Map must include the following:
  - a. Scale, 1" = 400' or less for small town type sewer systems.
  - b. Topographic information must be more detailed than for water systems. Contours at one (1) or two (2) foot intervals is normally needed for a good preliminary layout of sewer collection lines.
  - c. Tap Locations. Tap locations should be shown with respect to the house and business to be served. Distinguish between residential and commercial taps.
  - d. Manhole locations with number designation and clean-outs should be shown and numbered.
  - e. Location of all lines with respective diameters.
  - f. Location of all lift stations.
2. Treatment Plant Layout Map should show the following:
  - a. Property boundaries.
  - b. Facilities locations and dimensions.
  - c. Outfall line and point of discharge.
  - d. Contour lines.
  - e. Buffer zone limits.
  - g. Adjacent property owner identification and any residential type structures in the vicinity of the treatment plant.
3. Historic growth and growth curve projection based on the actual number of connections should be included..
4. Facility sizing and design: Proposed facilities sizing and design should be shown with respect to TCEQ requirements. Consideration of treatment facility design shall be based on permit requirements. It will consider cost-effective project development, economy of operation, required operator skills, and human resources of rural community. Presented will be:
  - a. Plant sizing with respect to design population and flow estimates.
  - b. Lift station component sizing with wet well dimensions and capacity (showing design calculations for sizing), number of sewer taps to be served and pump capacity and head requirements (show design calculations for sizing).
  - c. Hydraulic computations will be required on all force mains.

- d. For gravity lines; grades, diameter, and velocities should be presented in table form by line segments. A table should also be presented giving manhole numbers, proposed flow line elevations, and depth of manhole. Within the text of the report, a discussion should be presented on the results of the computation.

Design of the sewer collection system shall consider:

- Utilization of water tight manholes and collection lines.
  - Reduction of the number of manholes required and maximum utilization of cleanouts.
  - Innovative alternatives to reduce construction costs while considering operating and maintenance (O&M) costs.
- e. Treatment Facility Design Alternatives. For small cities and rural towns, treatment considered must include alternatives such as:
- Facultative/oxidation ponds with discharge permit.
  - Facultative/oxidation ponds with irrigation and a seasonal discharge permit.
  - Facultative/oxidation ponds with irrigation and no discharge permit.
  - Facultative/oxidation ponds with final effluent polishing by rockreef filter, artificial marsh, artificial wetland, overland flow, etc., and a discharge permit.
  - or other systems as may be suggested by the engineer.
5. Establish need for proposed facilities and improvements.
6. Detailed cost estimate to include unit cost of collection system pipe by diameter and depth. Depth increments should be 0 – 5', 5' – 7', 7' – 9', etc. Estimated cost of plant work should be broken into components. A contingency not to exceed 10% of construction cost should be included. Engineering costs should be separated as it is in the Agreement for Engineering Services. Other costs should be included, such as: interest during construction, land, legal, water rights, etc. Administrative cost should not be included in the proposed USDA Rural Utilities Service funding requirements.
8. Funding from USDA Rural Utilities Service, State, and other funding sources MUST be clearly distinguished in the detailed cost estimate.
8. The report must demonstrate that the proposed project complies with USDA Rural Utilities Service Instructions. RUS Instruction 1780, Subpart 1780.10, provides that loan and grant funds may not be used to finance facilities which are not modest in size, design, and cost.



9. Annual Operating Budget. Information as described in paragraph I. A. 12. should be provided.

**C. Solid Waste Disposal Systems/Collection.** The design will describe the process in detail and identify quantities of material, length of transport, and any special handling requirements. It also must describe equipment required and plans for equipment location. Type of storage, if any, size and site location must be identified. The process of disposal should be described in detail and identify permit requirements, quantities of material, recycling process, location of plant and site of any process discharges. The report should also include an Annual Operating Budget as described in paragraph I. A. 12.

**D. Storm Waste – Water Disposal.**

1. Collection Design. Collection design will identify general location of the improvements; lengths, sizes and key components.
  2. Pumping Stations. Size, type, site location and any special power requirements shall be identified.
  3. Storage. Size, type and site location must be identified.
  4. Treatment. If required, the process should be described in detail and identify location of plant site of any process discharges in addition to storm water.
  5. Hydraulic Calculations. Hydraulic calculations in sufficient detail in a tabular format/computer printout shall also be provided. This should include a map with a list of inlets and pipes and the associated characteristics, such as elevation of inverts, pipe diameter, pipe segment length, reservoir elevation, etc.
6. Annual Operating Budget as described in paragraph I. A. 12. should be included.

**II. Environmental Reports shall be prepared in accordance with the following:**

- ◆ RUS Bulletin 1794A-602, Guide for Preparing the Environmental Report for Water and Waste Projects.
- ◆ Texas Supplement to RUS Bulletin 1794A-602, State Supplement to Preparing the Environmental Report for Water and Waste Projects.

1780.57 DESIGN POLICIES.

(a) Compliance with the State Regulatory Authority Standards. Each USDA Rural Utilities Service financed facility will comply with the requirements of the TCEQ, or other appropriate regulatory agency. The applicant is responsible for obtaining and presenting to USDA Rural Utilities Service evidence of such compliance, including approval of construction plans and specifications.

(b) Consistency with Area Plans for Development. Projects for which USDA Rural Utilities Service funds are to be used must be consistent with development plans for the area in which the project is located. Applicants will provide USDA Rural Utilities Service with evidence of consistency with such plans. Planning should not be done within the extraterritorial jurisdiction of any city unless an understanding has been reached with the appropriate city officials. The extraterritorial jurisdiction of towns and cities in Texas is as follows:

Less than 5,000 population	½ mile radius
5,000 – 25,000 population	1 mile radius
25,000 – 50,000 population	2 mile radius
50,000 – 100,000 population	3 ½ mile radius
Over 100,000 population	5 mile radius

(c) Fire Protection. Fire protection will be considered for each water system. Due to the entity's income, it may not be possible to install a "key rate" system; however, the size and location of facilities should be consistent with a fire protection plan.

Where it is impractical to install fire hydrants in low density areas, fire tank filling valves should be located at the source of supply, the storage area, and at other strategic locations. The applicant and its consulting engineer should give the local fire department authorities an opportunity to assist in the selection of sites for such valves.

(d) Water System Designs. The following are guides for use by engineers in preparation of preliminary designs and estimates for rural water systems:

1. General. All water systems shall be designed and constructed so as to conform to all applicable State, Federal, and local laws, ordinances, and regulations.
2. Water Quality. The quality of water to be supplied must meet the approval of the TCEQ, and such approval will be based upon the quality criteria prescribed by the Texas Health Department and the quality requirements of the Safe Drinking Water Act.

3. Raw Water.

- a. SUPPLY. The proposed source should be adequate to supply water for immediate needs with reasonable reserve for expansion. A minimum quantity of 0.6 gpm per meter will be acceptable. Supply flow to distant storage tanks should not be less than 0.6 gpm per meter served and existing potential user. If there are large users on the system, or expected growth, the supply flow will be increased accordingly.
- b. TREATMENT. Treatment methods and facility design must be acceptable to the TCEQ and in accordance with acceptable design criteria. The proposed treatment method and facility must be guaranteed to produce potable water from the supply for a minimum period of one year. Adequate chlorination facilities will be required at each booster station. Where treatment of water is involved, gas chlorination should be used.

4. Pumps and Motors. Pump selection shall be based on predetermined conditions and demand. Pump evaluation shall consider pumping rate, number of pumps, peak demands, elevated storage, demand horsepower, total power cost and individual pump efficiency curves. All installations shall utilize the highest efficiency pump practical. Pumps should be protected from operating under no-flow conditions and from over pumping and overloading by means of appropriate automatic controls. Transfer pumps must be provided in duplicate with each having a rated capacity of 0.6 gpm per connection. Two or more service pumps should be provided with a total rated capacity at 2.0 gpm per connection.

- a. SIZE. The size of pumps and motors should normally be based on the existing flow conditions plus allowance for growth that is reasonably expected to occur within the life of the pump or motor. Plant or well piping should be sized for growth allowance on a longer period of time.
- b. MOTOR PROTECTION. Adequate safety devices must be provided to protect electric motors from damage caused by “single phasing,” overheating, lightning, etc.

- (1) Power Supply. Prior to preparation of the engineering report and selection of pumping sites, the engineer should contact the local power company to determine the power supply available. Many power companies can only supply open Delta power three-phase. If the power company cannot guarantee a balanced current, the use of the next larger size motor is recommended. The engineer

should include in the engineering report the type of power that will be available. The power company may require contributions in aid of construction – such cost must be included in the project cost.

- (2) Three-Phase Monitor. Power monitors must be installed to protect electric motors from high voltage, low voltage, phase failure and phase reversal. Line shaft turbine pumps with use of the next larger size motor is recommended for water wells where there is a phase balance problem.
  - (3) Thermal Overloads. Normal thermal over-loads used for standard motors will not trip fast enough to protect submersible pump motors and extra quick trip type heaters must be specified.
5. Storage. Minimum storage volume shall not be less than 200 gallons per meter served. It may be desirable to provide additional storage when the source of water is limited and/or supply is from a single well. Additional storage may also be required for fire protection, growth, large users, etc., based on a study of the specific project. Storage facilities will be designed to meet current American Water Works Association (AWWA) specifications. Foundation design for standpipes and elevated storage tanks will be based on soil investigation by a reputable consultant.
6. Distribution System.
- a. PRESSURES. The maximum pressure on any service should not exceed 80 psi. Normal pressures should not be less than 35 psi at the curb stop, calculated with the design flow rate of 1.5 gpm to each meter in the system. Individual and/or in-line pressure reducing valves should be used to reduce high pressures on the line to service connections.
  - b. FLOW RATES. Flow rates shall be computed for the analysis of the specific project. Minimum acceptable flow rates are:

$$Q = 1.5C \text{ with a minimum pressure of 35 psi}$$

When Q = flow in gpm  
C = customers

Pipe sizes shall be computed based on the flow rate required to serve all existing houses or potential users in the service area. Engineers must also consider sizing pipe for fire flow, potential extensions, loop completion, etc.

- c. **PLANT SITE.** The plant sites are to be fenced with a non-climbable fence. The pump house should have adequate cross ventilation and insulation. A thermostatic controlled heater should be provided in the pump house to prevent freezing. All exposed outside piping must be insulated. The plant site shall be readily accessible with entry drive and culvert and rock rip-rap to prevent erosion, with well drained asphalted or coarse stone surfacing preventing soil tracking onto adjacent highway.
  - d. **GRAVITY FLOW.** Gravity flow systems shall be used to the fullest extent possible by utilizing ground storage tanks, standpipes, elevated tanks, etc., for all or portions of the distribution flow. Elevated storage in the amount of 100 gallons per connection should be provided above the elevation required to produce the minimum design pressure.
7. **Hydropneumatic Pumping.** Pumps supplying the pressure tank shall be sized to avoid short cycling of the pump. The following should be included in plant design:
- a. Provide two or more booster pumps with a total capacity of 2.0 gpm per connection. Provide two transfer pumps with a minimum capacity of 0.6 gpm per connection.
  - b. Provide pressure tank capacity in the amount of 20 gallons for each meter served.
  - c. Flow to distribution system should not pass through the pressure tank.
  - d. Pump selection and plant design shall provide for an efficient and economical operation.
8. **Pipeline Installation.** Installation shall be in strict accordance with the manufacturer's recommendations and the written specifications. In areas where rock excavation is necessary, the design shall provide for over excavation and refill to grade with acceptable material.
- a. **DEPTH.** The depth of cover shall be 30 inches except in County, State Highway and railroad crossings, where the depth shall be 36 inches in the barrow ditches. Gully and stream crossings shall also be a minimum of 36 inches deep to the top of the pipe. Bedding and cover materials shall be as approved by owner's consulting engineer.
  - b. **SANITATION.** The pipe shall be kept clean of all foreign matter. At the termination of pipe laying, the open end of the pipeline shall be closed by a suitable cover until laying operations are resumed.

- c. JOINING. Only trained and certified employees will be permitted to join the pipe.
  - d. LAYING. Pipe shall be laid on a level trench bottom. An irregular trench bottom will require additional bedding.
9. Plastic Pipe Specifications. It is the responsibility of the consulting engineer to see that materials meet specifications. In addition to making routine checks of dimensions on plastic pipe provided for each project, each contract should have a paragraph similar to the following:

“Each load of pipe delivered to the job site will be checked by the engineer to assure that it meets specifications. When a load of pipe is found to have inadequate wall thickness or tolerances greater than specified, randomly selected samples of the pipe shall be immediately forwarded to an approved testing laboratory with instructions to check the pipe for compliance with applicable product standards, American Society for Testing Materials (ASTM) specifications and other specifications for the specific contract. When the testing laboratory reports concur that the pipe does not meet specifications, it is to be understood that all of the defective pipe delivered to the site will be immediately removed and replaced by the contractor at no additional cost to the owner.”

a. LINE PRESSURE.

- (1) For Pressure Class – DR-AWWA C900 PVC pipe, maximum working pressure should not exceed the pressure class of the pipe.

<u>DR</u>	<u>PRESSURE CLASS</u>	<u>MAXIMUM WORKING PRESSURE (PSI)</u>
14	200	200
18	150	150
25	100	100

- (2) For Pressure Rated – SDR-ASTM D2241 PVC pipe, maximum line pressure must not exceed 65% of the pressure rating printed on the pipe, to provide a surge allowance.

<u>SDR</u>	<u>PRESSURE RATING</u>	<u>MAXIMUM WORKING PRESSURE (PSI)</u>
21	200	130
26	160	104

Exceptions to the 65% requirement may be allowed on distribution lines served from standpipe or elevated storage where no control valves, pressure-reducing valves, or booster pumps are in line.

10. Valves. Sufficient valves should be provided to permit isolation and repair of lines and appurtenances.
  - a. GATE VALVES. Gate valves larger than 2 inches should be brass-fitted cast iron. Smaller than 2 inches may be bronze. All valves shall conform to current AWWA standards and have a minimum pressure rating of 150 psi.
  - b. CURB STOPS. Curb stops shall be bronze and conform to current AWWA standards.
  - c. AIR RELIEF. Adequate air relief and flushing valves must be provided in accordance with good engineering design and industry standards. Air relief valves shall be connected to pipelines with flexible designed connections and set for protection from equipment and livestock.
  - d. CHECK VALVES. Non-slam check valves should be used on discharge line of booster pumps and other critical areas where surges are expected and check valves are needed.
  - e. CORPORATION STOPS. Corporation stops shall be provided at all services.
  - f. VALVE MARKERS. Valve markers shall be provided in rural areas.
  - g. PIPELINE MARKERS. Pipeline markers are recommended at all road bores.
11. Controls. Controls should be sturdy and simple, automatic in all cases, and adequate to protect equipment and maintain proper flow. Backup all automatic controls with manual controls. A schematic diagram of the electrical controls and wiring must be made a part of the plans.

When controls are required to operate valves and pumps to fill distant tanks, the engineer will include a narrative detailing the sequence of operation.

12. System Testing and Disinfecting.

- a. Before being placed into service, the entire system shall be disinfected in accordance with the requirements of the TCEQ.
- b. When pressure testing new lines, leakage shall not exceed 10 gallons per inch of pipe diameter per mile of pipe per 24 hours, when tested at 1 ½ times the working pressure or rated pressure of the pipe, whichever is greater. A minimum 4-hour test shall be performed successfully prior to approval by the engineer.
- c. The consulting engineers will furnish the owner and USDA Rural Development local office personnel a signed certification stating the pressure test(s) has been performed in accordance with the specifications. The certificate should contain, but not be limited to, the following:
  - (1) Date tests were performed.
  - (2) Name of people in attendance.
  - (3) Brand name of pipe and pressure rating.
  - (4) Test pressure and length of time applied.
  - (5) Number of leaks found during testing.
  - (6) Comments.

(e) Sewer System Design. The following are guidelines for use by engineers in preparation of preliminary design and estimates for sewer systems.

1. General. All sewer systems shall be designed and constructed so as to conform to all applicable Federal, State, and local laws, ordinances, and regulations.
2. Effluent Quality. A discharge permit must be applied for and obtained from the TCEQ. This permit should be acquired as early as practicable.
3. Treatment. Treatment methods and facilities must be acceptable to the TCEQ and in accordance with acceptable design criteria. BOD loading for design considerations should not be less than 200 mg/l BOD 5 (BOD 5 = biochemical oxygen demand for 5 days at 20°C) with hydraulic loading of 100 gpd/capita. For new collection systems, loadings from infiltration should be minimum. Calculated detention times for treatment plants should be presented for each cell or unit. All designs will consider expected reasonable growth.



4. Lift Stations. Where two or more pumps are utilized, their operation sequence and control system should be described. Normally on duplex installations the second pump is designed to operate in a back-up type operation. Controls requiring both pumps to be called on line simultaneously when lift stations overload may not be in the best interest of system operation. Lift station design should not transfer a problem to downstream lines and the treatment facility in lieu of correcting the problem upstream of the lift station. An audio/visual alarm system (red flashing light and horn) shall be provided for all lift stations. These alarm systems should be telemetered to a facility where 24-hour attendance is available. The alarm system shall be activated in case of power outage, pump failure or a specified high water level.
5. Collection System. Line sizes shall be computed based on expected flow rates to serve all existing houses or potential users in the service area plus reasonable growth. Pipe selection must consider soils characteristics, slope, depth of cover and/or exposure. The design and selection of materials shall insure a watertight system and confirmation of appropriate tie-in elevations. For new systems, infiltration and non-sewerage inflows should be considered as minimal. Manholes should be designed and specified as watertight construction. Precast manholes with O-ring joints, gasket line installation, and water tight manhole cover should be utilized. Wherever practicable, manholes should be eliminated with the concurrence of the regulatory authority. On PVC pipe collection systems, cleanouts should be utilized on the end of gravity lines and wherever practical to reduce construction costs and the infiltration associated with manholes. The pipe shall be identified in the plans and technical specifications with its appropriate ASTM, American National Standards Institute (ANSI) or AWWA standard numbers for both quality controls (dimension, tolerance, etc.) and installation (bedding, backfill, etc.).
6. Installation of Collection System. Installation shall be in accordance with the manufacturer's recommendation and the written specifications.
  - a. Trench Safety. Trench safety provisions shall be in accordance with applicable state laws. An item for trench safety construction will be included in the bid schedule for construction.
  - b. Testing. Sufficient testing of collection system installation for insuring watertight construction shall be included in the specifications and performed prior to prefinal inspections. The project engineer shall observe the final testing of collection lines.

- (1) Manholes shall be tested for leakage separately and independently of the wastewater lines. An infiltration, refiltration or low pressure air test shall be specified. Deflection tests shall be performed on all flexible pipes.
  - (2) If manholes are located within the 100-year flood plain, the manhole covers shall have gaskets and be bolted or have another means of preventing inflow.
- c. Sewer Taps. Sewer taps should be installed during the construction of collection lines with TEE and Wye fittings. Taps shall be a minimum of 4 inches and extend to the finished ground surface of property to be served. All service taps shall be capped until house services are installed. House service shall extend from the property line to the connection of the house sewer. RUS funding will provide for a single connection of the house sewer.

#### 1780.61 CONSTRUCTION CONTRACTS.

When development includes both water wells and distribution system construction, work orders for distribution contracts cannot be issued until a water source has been approved. To avoid delays in awarding distribution contracts, a well test hole should be drilled or a well completed prior to bidding the distribution system.

All contract documents shall be provided with an index to the technical specifications. The engineer shall prepare separate contract documents, plans, and specifications for; water storage facilities, elevated storage tanks, water distribution systems, water treatment plant, water well collection system, wastewater treatment plant.

(a) Contract Documents. For review purposes, contract documents should be presented in the order as shown in Appendix A to this Instruction, "Rural Utilities Service Water and/or Waste Assembly of Contract Documents," or "Assembly of Contract Documents for Short Form Construction Contract."

(b) Construction Plans. The construction plans should contain the following information:

1. Title Sheet.
  - a. Name of project, county(s), state, etc.
  - b. Board of Directors or Public Officials.
  - c. Seal of Engineer with signature and date.
  - d. Date of latest revision.

2. Key Map.

- a. Include a key map of the project showing the roads, towns, communities, water lines, storage tanks, pumping stations, wells, etc. If the area to be served is shown on two or more sheets, the key map supplied should show by sheet number the area covered by the various sheets.
- b. General notes to the contractor.
- c. Legend.

3. Pipeline Construction Plans.

- a. Scales should be approximately 1 inch to 200 feet, to 1 inch to 400 feet. Larger scales should be used where needed.
- b. Maps should be approximately 24 inches by 36 inches in size. Smaller sizing legible maps are also acceptable.
- c. North arrow and scale should be shown on each sheet and arranged so that North is pointed to the top of the sheet.
- d. The plan map should include location of the pipeline, meters, sewer service taps, water source, pumping plants, storage facilities, easements, roads, fences, culverts, other pipelines, underground cables, creeks or rivers, bridges, names of roads or highway numbers, and construction hazards.
- e. The customer's name, location and elevations.
- f. The location of in-line pressure reducing valves and outlet pressure setting.
- g. Highway crossing, length, size, and type of encasement.
- h. Location and size of all proposed pipelines, valves, markers, etc.
- i. Use enlarged "insets" to show location of valves, line junctions, or other special appurtenances.
- j. Elevations should be shown at the wells, plants, storage facilities, pressure regulators, intersections, changes in pipe sizes, ends of lines, junctions of laterals, and high and low parts of the line.
- k. A system of grid plan mapping should be used and strip mapping avoided on rural water systems.

4. Construction Detail Plans. These plans should include:

- a. Plant layout showing:
  - (1) Plat of the site with orientation, topography, dimensions, drainage, existing easements (power, gas, etc), piping and valve arrangement, buildings, wells, storage tank, fences, gates, master meters, floor drain outlets, etc.
  - (2) Flow through diagrams of the plant.

- (3) Construction details of all structures such as foundations, retainer rings, splash blocks, drainage, roads, buildings, piping, electrical, heating, sanitary structures, storage tanks, water treatment facilities, wells, backwash pits, building ventilation and pressure tanks.
  - b. Plan views and individual details of storage tank or elevated tank. The supply line to the storage tank should discharge above high water. The storage tank should be set on a layer of clean gravel. A retainer ring should be installed around the ground storage tank approximately 2 feet larger than the diameter of the tank. Reinforced concrete foundations will be needed for standpipes and elevated tanks. Where a well is discharging into the tank, show the location of the electrode on/off and emergency off settings.
  - c. The spacing and size of reinforced steel in concrete footing, foundations, and walls.
  - d. Elevation and plan views of buildings and plant piping orientated with respect to plant layout.
  - e. Include other details, drawings, specifications and dimensions adequate for construction.
5. Standard Detail Sheet. Include all dimensions, sizes, specifications, and details as needed. The standard detail sheet should include details for:
- a. Blow-off valve.
  - b. Regulator valve and meter installation.
  - c. Creek or river crossings.
  - d. Railroad, road and highway crossings.
  - e. Pipe installation and bedding.
  - f. Standard valve installation for various types of pipe material by pipe and valve size.
  - g. Air relief valves or vents. These should be located in right-of-way fence lines, or other protected location in non-traffic areas.
  - h. Flush valves – discharge should be 18 inches above ground and located in fence lines or on right-of-way.
  - i. Service tap for various types of materials.
  - j. Meter or valve vaults, boxes, etc.
  - k. Concrete thrust blocks.
  - l. Fire hydrant.
  - m. Standard service loop and meter.
  - n. Chain link or other fencing.
  - o. Pipeline and valve markers.
  - p. Short and long-side service wye.
  - q. Manhole details.

- r. Clean out details.
  - s. Cathodic protection, if other means of corrosion protection are not specified.
- 6. All plan sheets shall bear the seal and signature of the designing engineer and date of execution.
- 7. Environmental Mitigation. Mitigation requirements as stated in the approved environmental report and the Letter of Conditions shall be incorporated by the engineer in the contract documents, plans and specifications.

#### 1780.67 PERFORMING CONSTRUCTION.

All projects financed by USDA Rural Utilities Service shall have construction signs posted at the construction site at the beginning of construction. Sign shall remain throughout the construction period. A sketch and specifications are provided in Appendix B to this Instruction. These specifications can also be found at the following web site:

[www.usda.gov/rus/water/ees/englib/contract.htm](http://www.usda.gov/rus/water/ees/englib/contract.htm)

The same specifications may also be used for the permanent sign.

#### 1780.72 PROCUREMENT METHODS.

Invitations to bid will be sent to local and regional contractors who might be interested in bidding on projects of the size and scope concerned. In order to assure good coverage for inviting bids, advertisements for bids will be published in a newspaper having at least region-wide circulation and one or more of the following trade journals:

The Builders Exchange of Texas, Inc.  
4047 Naco Perrin Drive  
San Antonio, TX 78217  
(210) 564-6900      E-mail address: [lee@bctx.com](mailto:lee@bctx.com)

The Associated General Contractors of America (various chapters)  
Web site address: [www.agc.org/](http://www.agc.org/)

Dodge Reports  
Web site address:  
<http://dodge.construction.com/Reports/default.asp>

For non-profit organizations, advertisements will be published at least two weeks prior to the bid opening date. Advertisement for public bodies will be published in accordance with State statutory requirements for the particular body and in the above referenced

trade journals. The bid date will be set with concurrence of the USDA Rural Development local office personnel and borrower for an opening date far enough in advance to make plans to attend.

1. Bid Delivery. Bids should be delivered at a designated place and not later than a designated date and time, but not on a legal holiday or the day following. Bids should be opened and read in the presence of bidders and a tabulation of all bids received should be furnished to each bidder. An itemized reading of the apparent low bid or bids will be made at the request of any bidder. Under no circumstances should a bidder be permitted to alter his bid after the time designated for receipt of bids.
2. Bid Openings. Bid openings will be attended by a USDA Rural Utilities Service representative. The engineer shall provide a copy of the itemized bid tabulation to the USDA Rural Development local office. The local office should forward a copy of the bid tabulation to the State Office Community Programs Section.

#### 1780.75 CONTRACT PROVISIONS.

- (a) Contract Approval. The applicant's attorney will review the executed contract documents, including performance and payment bonds, and provide USDA Rural Utilities Service with Certificate of Owner's Attorney (RUS Bulletin 1780-4, page 7) stating that the documents have been properly executed and that the persons executing these documents have been properly authorized to do so. The contract documents, including bid tabulation sheets and specifications, will be forwarded to USDA Community Programs Section for approval. Form AD 1048 (1/92), 2 pages, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions," should also be included as part of the contract documents. All contracts will contain a provision that they are not in full force and effect until they have been approved by USDA Community Programs in writing. USDA Rural Development local office personnel will review the contract in accordance with the executed contract checklist provided in the RUS Training Guide and send one copy of each executed contract with recommendations to the State Office Community Programs Section for approval.
- (b) Filing Executed Instruments. After the contract and bond(s) have been properly executed, dated and approved by the USDA Rural Development State Office, Rural Utilities Service, Community Programs Section, the following instruments should be filed for record:

1. PUBLIC BODIES. With contracts and bonds furnished in connection with public works, the contract need not be filed for record since Chapter 2253 of the Government Code does not require the filing of these instruments.
2. NON-PROFIT CORPORATIONS.
  - a. Contract Agreement. The original Agreement (RUS Bulletin 1780-13) between the owner (Corporation) and the contractor, or a true copy thereof, must be placed on file in the county clerk's office.
  - b. The Payment Bond must be filed for record in accordance with Section 53.203, Texas Property Code.
  - c. The county clerk shall index and cross index the Agreement and Payment Bond in the name of the original contractor and Corporation in the records kept for that purpose.
  - d. The instruments must be placed on file and recorded in all counties where the facilities are located. The purpose of this requirement is to prevent any claimant from filing suit against the Corporation or against the property of the Corporation to obtain payment for labor or materials furnished by contractor and to relieve the Corporation of certain statutory duties.

#### 1780.76 CONTRACT ADMINISTRATION.

Owners shall be responsible for maintaining a contract administration system to monitor the contractors' performance and compliance with the terms, conditions, and specifications of the contracts.

USDA Rural Development local office personnel will monitor the construction of all projects financed wholly or in part with USDA Rural Utilities Service funds. Prior to beginning construction, a pre-construction conference shall be held with USDA Rural Utilities Service/Community Programs reviewing its requirements. USDA Rural Development local office personnel shall make construction inspections on a monthly basis during construction and more frequently where necessary to adequately monitor the acceptability of material inventories and development. Inspection by USDA Rural Utilities Service does not relieve the project engineer, project inspector or owner of their responsibility to insure the contractor is performing the work according to the contract documents.

(a) Inspections. The resident inspector will work under the technical supervision of the applicant's project engineer and the role and responsibilities will be defined in writing and provided to USDA Rural Utilities Service for review.

1. Copies of all inspection reports by the project engineer and USDA Rural Utilities Service should be submitted to the local office and State Office RUS section. The local office personnel should receive copies of daily inspection reports on all projects. USDA Rural Development local office personnel will utilize these reports in making their inspections and certifying partial payments.
2. When there is an indication that approved plans and specifications are not being complied with, USDA Rural Development local office personnel should notify the State Office Community Programs Section (the State Office Engineer), and the borrower that project development is not acceptable, in addition to withholding future payments (advances). The owner's engineer will present a written recommendation for resolution of the problem to the owner, contractor and USDA Rural Utilities Service. The final action should be taken after consultation with the State Office personnel.

(b) Payments. Payments for construction will be made using Form RD 1924-18 (Rev. 6-97), "Partial Payment Estimate." They will be prepared by the contractor, and revised and approved by the owner's engineer. They will also be approved by the owner prior to submitting to the USDA Rural Development office. Each payment estimate will contain a certification by the engineer that all material purchased and all work performed is in accordance with the plans and specifications. The engineer will additionally certify that each load of PVC plastic pipe delivered and incorporated into the work has been inspected by the engineer and found to meet specifications.

The governing body must also approve each payment estimate. If there is indication that construction is not being completed in accordance with the plans and specifications, or that any problems exist, the engineer should notify the USDA Rural Development local office responsible for project monitoring. The engineer should furnish written review and inspection reports of deficiencies and corrective actions recommended.

(c) Pre-final Inspection. When the development has been substantially completed by the contractor(s), a pre-final inspection will be held. The engineer shall notify TCEQ of the substantial completion of the project. The pre-final inspection will be made by the owner, applicant's project engineer, contractor, and the RUS State Staff Engineer. It is recommended that Form RD 1924-12 (Rev. 1-00), Pre-final Inspection Report, be used. The engineer's recorded pre-final inspection report shall include the following:



1. Compliance with all requirements of the State Highway Department, City, County Commissioner's Court, and Railroad etc., with respect to construction in right-of-way.
2. Confirmation that lines have been pressure tested and the engineer or resident inspector observed testing.
3. Facilities have been flushed clean, disinfected, and bacteriological tests approved by TCEQ.
4. A field check was performed of all facilities and a list of all discrepancies (punch list) was provided to all parties.
5. The working set of construction drawings was checked to insure all changes during construction have been recorded.
6. Water tanks have been appropriately inspected with respect to tank primer and painting specifications. Appropriate tests were made of paint coatings and welds.
7. A well brochure was provided containing the formation log, material settings sketch, production curves, chemical analysis, sand production tests, pump warranty and brochures, and pump operating voltage and amperes.
8. Treatment plant, pumping stations, lift stations are in start up process and all systems are functioning.
9. Environmental mitigation measures required during construction are listed and engineer verifies that they have been complied with.
10. Final change order reconciling quantities has been processed.
11. Are contractor, subcontractors, suppliers, laborers, etc., pursuing any claims?
12. The engineer has provided a "Statement of Substantial Completion" and the date of the warranty has been established.

(d) Final Inspection. When all planned development has been completed in accordance with approved plans and specifications, and operational checks show that all items,

singular or in combination, serve the purpose intended in an acceptable manner, a final inspection will be made. The following items should be accomplished and recorded by the project engineer at the time of final inspection and acceptance of the work:

1. All planned development has been completed in accordance with executed contract documents. Items on prefinal punch list have been corrected.
2. Prior to submitting the final pay estimate the engineer shall submit a "Statement of Completion" to the owner and USDA Rural Utilities Service. The statement shall include provisions for acceptance signatures of the owner and USDA Rural Utilities Service.
3. Engineer's final estimate of work.
4. Final reproducible Record Drawings ("as-built") and two sets of prints delivered to the owner. The "as-built" drawings should be a reflection of what was installed, showing actual location of tie-downs for valves and other principal elements of the project construction, where knowledge of location and function are important.
5. Certificates of acceptance or approval of work in right-of-way by State Highway official, City, County Commissioners, River Authorities, railroads and others.
6. Acceptance of regulatory authority and/or TCEQ.
7. Required maintenance bonds, warranties, guarantees, brochures, parts catalogs, operational procedure, etc., delivered to owner.
8. Contractor provided evidence of all bills paid.
9. The applicant's engineer shall certify in writing that all requirements of state, county, and all other conditions of right-of-way easements, permits and licenses have been satisfied.

(e) Changes in Development Plans. Change orders requiring State Office, Rural Utilities Service (RUS) approval will be accompanied by comments and recommendations by the USDA Rural Development local office personnel and will show that funds are available. USDA Rural Development local office personnel shall check all unit prices and totals and recommend for approval. If the proposed change affects

approval of the plans given by the TCEQ or other agencies, then regulatory concurrence in the changes will be required. Change orders should have sketches or revised plan sheets attached to show changed work. Changes shall be reviewed for environmental assessment purposes. Revisions or amendments shall be made to the environmental review by the consulting engineer and USDA Rural Development as deemed appropriate.

Attachments: *Appendix A* – RUS Water and/or Waste Assembly of Contract Documents (3 pages)

*Appendix B* – Construction Sign (1 page)

*Note: “USDA Rural Development” is not the name of any agency. It is the name of a mission area within the USDA. The name of the funding agency is RURAL UTILITIES SERVICE (RUS).*

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## **RURAL UTILITIES SERVICE WATER AND/OR WASTE ASSEMBLY OF CONTRACT DOCUMENTS**

- \_\_\_\_ 1. Certificate of Insurance - Attached to left inside cover (coverage should be in amounts as required in General Conditions - RUS Bulletin 1780-13, Attachment 9, page 17, paragraph 21.3.1) and must provide for 15 days written notice of cancellation as required by General Conditions, page 16, paragraph 21.2. Terms must cover construction time.  
*<http://www.usda.gov/rus/water/regs-bulletins.htm>*
- \_\_\_\_ 2. Title Page.
- \_\_\_\_ 3. Engineer's Certificate of No Change in Federal Contract Documents - dated, signed and sealed.  
**Note: If changes are made, a description of changes shall be noted.**
- \_\_\_\_ 4. Table of Contents.
- \_\_\_\_ 5. Advertisement for Bids (RUS Bulletin 1780-13, Attachment 1), (2 pages).  
*<http://www.usda.gov/rus/water/regs-bulletins.htm>*
- \_\_\_\_ 6. Information for Bidders (RUS Bulletin 1780-13, Attachment 2), (3 pages).  
*<http://www.usda.gov/rus/water/regs-bulletins.htm>*
- \_\_\_\_ 7. Supplemental Information for Bidders - Lobbying Requirements (4 pages).  
*<http://www.rurdev.usda.gov/tx/rusforms.htm>*  
*<http://rdinit.usda.gov/regs/regs/exh/ex1940q.pdf>*
- \_\_\_\_ 8. Bid (RUS Bulletin 1780-13, Attachment 3), (3 pages).  
*<http://www.usda.gov/rus/water/regs-bulletins.htm>*
- \_\_\_\_ 9. Bid Bond (RUS Bulletin 1780-13, Attachment 4), (2 pages), with the following statement attached to Bid Bond (5% of the total amount of the bid):  
*<http://www.usda.gov/rus/water/regs-bulletins.htm>*  
  
**"IMPORTANT - Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state where the project is located."**
- \_\_\_\_ 10. Certification for Contracts, Grants & Loans (Required for contracts over \$100,000)  
RD 1940-Q, **Exhibit A-1 only** (1 page).  
*<http://rdinit.usda.gov/regs/regs/pdf/1940q.pdf>*
- \_\_\_\_ 11. Notice of Award/Acceptance of Notice (RUS Bulletin 1780-13, Attachment 7), (1 page).  
*<http://www.usda.gov/rus/water/regs-bulletins.htm>*
- \_\_\_\_ 12. Agreement (RUS Bulletin 1780-13), (4 pages).  
*<http://www.usda.gov/rus/water/regs-bulletins.htm>*

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## PRIVATE CORPORATION

- \_\_\_\_ 13a. Payment Bond (RUS –TX Bulletin 1780-13, Attachment 6-NP, dated 03/02), (5 pages)  
*<http://www.rurdev.usda.gov/tx/rusforms.htm>*
- \_\_\_\_ 14a. Performance Bond (RUS –TX Bulletin 1780-13, Attachment 5, dated 03/02), (4 pages).  
*<http://www.rurdev.usda.gov/tx/rusforms.htm>*

## PUBLIC BODY

- \_\_\_\_ 13b. Payment Bond (RUS-TX Bulletin 1780-13, Attachment 6-PB, dated 12/03), (4 pages).  
*<http://www.rurdev.usda.gov/tx/rusforms.htm>*
- \_\_\_\_ 14b. Performance Bond (RUS-TX Bulletin 1780-13, Attachment 5, dated 03/02), (4 pages).  
*<http://www.rurdev.usda.gov/tx/rusforms.htm>*
- \_\_\_\_ 15. Compliance Statement (Form RD 400-6, rev. 4/00), (2 pages).  
*<http://www.usda.gov/rus/water/wwforms.htm>*
- \_\_\_\_ 16. Certificate Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions (Form AD 1048, rev. 1/92), (2 pages).  
*<http://www.usda.gov/rus/water/wwforms.htm>*
- \_\_\_\_ 17. Notice to Proceed/Acceptance of Notice (RUS Bulletin 1780-13, Attachment 8), (1 page).  
*<http://www.usda.gov/rus/water/regs-bulletins.htm>*
- \_\_\_\_ 18. General Conditions (RUS Bulletin 1780-13, Attachment 9), (pages 1-22).  
*<http://www.usda.gov/rus/water/regs-bulletins.htm>*
- \_\_\_\_ 19. RUS Supplemental General Conditions, (RUS Bulletin 1780-14), (8 pages), which includes Certificate of Owner's Attorney (page 7) and RUS concurrence (page 8).  
*<http://www.usda.gov/rus/water/regs-bulletins.htm>*
- \_\_\_\_ 20. Statement Regarding Cultural Materials (undated), (1 page/1 paragraph).  
*<http://www.rurdev.usda.gov/tx/rusforms.htm>*
- \_\_\_\_ 21. Technical Specifications.

Other forms applicable:

Contract Change Order (Form RD 1924-7, rev. 2/97)

*<http://www.usda.gov/rus/water/wwforms.htm>*

Partial Payment Estimate (RD Form 1924-18, rev. 6/97), etc.

*<http://www.usda.gov/rus/water/wwforms.htm>*

Certificate of Substantial Completion, form developed by engineer

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**ASSEMBLY OF CONTRACT DOCUMENTS FOR  
SHORT FORM CONSTRUCTION CONTRACT**

(may be used for contracts under \$100,000 for non-profit organizations,  
when Payment and Performance Bonds are not required)

- \_\_\_\_ 1. Title Page.
- \_\_\_\_ 2. Engineer's Certificate of No Change in Federal Contract Documents - dated, sealed and signed.
- \_\_\_\_ 3. Table of Contents.
- \_\_\_\_ 4. RUS Bulletin 1780-15. <http://www.usda.gov/rus/water/regs-bulletins.htm>
  - \_\_\_\_ a. Notice and Instruction to Bidders - Item 1, (1 page).
  - \_\_\_\_ b. Bidder's Proposal - Item II, (3 pages).
  - \_\_\_\_ c. Notice of Award - Item III, (1 page).
  - \_\_\_\_ d. Contract - Item IV, (3 pages).
  - \_\_\_\_ e. General Conditions - Item V, (3 pages).
- \_\_\_\_ 5. Compliance Statement Form RD 400-6, (if contract bid exceeds \$10,000), (2 pages).  
<http://www.usda.gov/rus/water/wwforms.htm>
- \_\_\_\_ 6. Form AD-1048 (1/92) Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions, (2 pages).  
<http://www.usda.gov/rus/water/wwforms.htm>
- \_\_\_\_ 7. RUS Supplemental General Conditions (RUS Bulletin 1780-14), (8 pages).  
<http://www.usda.gov/rus/water/regs-bulletins.htm>
- \_\_\_\_ 8. Special Conditions: Cultural Material Statement, (1 page/1 paragraph).  
<http://www.rurdev.usda.gov/tx/rusforms.htm>
- \_\_\_\_ 9. Other: Notice to Proceed, Form RD 1924-10, "Release by Claimants,"  
Form RD 1924-9, "Certificate of Contractor's Release," as applicable.  
<http://www.usda.gov/rus/water/wwforms.htm>

Other forms applicable: Contract Change Order (Form RD 1924-7, rev. 2/97)  
<http://www.usda.gov/rus/water/wwforms.htm>  
Partial Payment Estimate (Form RD 1924-18, rev. 6/97)  
<http://www.usda.gov/rus/water/wwforms.htm>  
Certificate of Substantial Completion, form developed by engineer

## TEXAS FORMS & BULLETINS REFERENCE LIST

FORM or BULLETIN NUMBER	DATE	FORM TITLE
FmHA TX 442-8	04/1977	Right-of-Way Easement (Location of Easement Required)
FmHA TX 442-9	04/1991	Right-of Way Easement (General Type Easement)
RUS TX 1780-1	05/2003	Association Loan Membership Survey Data Sheet for Water Service
RUS TX 1780-6	06/1999	Processing Checklist for Non-Profit Corporations
RUS TX 1780-6a	06/1999	Processing Checklist for Public Body (Bond Secured)
RUS TX 1780-7	10/1997	Agreement for Legal Services
RUS TX 1780-9	05/1999	Water Supply Corporation Service Application and Agreement
**RUS TX 1780-13 att 5	03/2002	Performance Bond
**RUS TX 1780-13 att 6 NP	03/2002	Payment Bond
**RUS TX 1780-13 att 6 PB	12/2003	Payment Bond
RUS TX 1780-20	07/2002	Bylaws
RUS TX 1780-20A	10/2002	Articles of Incorporation
RUS TX 1780-40	05/2003	Certification of Users by Area Directors (Water and/or Wastewater Loans)
**RD TX 1924-1	04/2003	Partial Payment Agreement
RD TX 1924-5	01/2000	Multi-Family Housing Assembly of Contract Documents
**RD TX 1924-6A	04/2003	Exhibit A to 1924-6
RD TX 1924-8	04/2003	Agreement for Architectural and Engineering Services
RD TX 1924-13A	05/2003	Payment Bond (Public Body)
RD TX 1924-13B	01/2004	Performance Bond (Public Body)
FmHA TX 1927-1	04/1993	Real Estate Deed of Trust for Texas (used by MFH & CF/RUS)
RD TX 1927-5	05/2003	Affidavit
**RD TX 1927-8	10/2001	Agreement with Prior Lienholder
** RD TX 1927-11	12/2003	Texas Warranty Deed (Voluntary Conveyance)
* **RD TX 1927-19	11/1997	Certificate of Attorney

## USDA Rural Development

FORM or BULLETIN NUMBER	DATE	FORM TITLE
**RD TX 1927-22	05/2003	Agreement for Renewal and Extension and/or Inclusion of Additional Covenant in Deed of Trust (Transfer and Assumption)
**RD TX 1927-23	05/2003	Agreement for Renewal and Extension and/or Inclusion of Additional Covenant in Deed of Trust (Reamortization)
RD TX 1942-2	05/2003	By-Laws for Volunteer Fire Departments
RD TX 1942-3	05/2003	Articles of Incorporation - Volunteer Fire Department (Not for Profit)
RD TX 1942-4	05/2003	Texas Community Facilities Direct Loan and Grant Processing Checklist – RD Instruction 1942-A / 3570-B
RD TX 1942-5	05/2003	Texas Community Facilities Fire and Rescue (<\$250,000) Direct Loan & Grant Processing Checklist – RD Instruction 1942-C / 3570-B
RD TX 1942-19	01/2004	Median Fees for Professional Engineering Services as a Percentage of Net Construction Cost
RD TX 1942-44	04/1998	Plan Certification
RD TX 1951-1	05/2003	Field Office Remittance Form
RD TX 2006-10	04/2003	USDA – RD, Texas User ID Request
RD TX 2006-46	03/2003	State Procedure Notice
RD TX 2036-1	01/2003	Texas USDA Rural Development Travel Request Form
RD TX 2051-1	06/2000	Request to Earn Credit Hours
RD TX 2051-2	3/2003	Time and Attendance Input Record
RD TX 3550-2	10/2000	Release of Deed of Trust
**RD TX 3550-14	12/2003	Deed of Trust for Texas
**RD TX 3550-14A	11/1997	Refinancing Rider
**RD TX 3550-14B	11/1997	Home Improvement/Construction Rider
**RD TX 3550-30	05/2003	Transfer and Assignment
RD TX 3575-1	03/2003	Texas Community Facilities Guaranteed Loan Processing Checklist – RD Instruction 3575-A
RD TX 4279-1	05/2003	Guaranteed Loan Data



## USDA Rural Development

### TEXAS GUIDE LETTERS REFERENCE LIST

GUIDE LETTER NUMBER	DATE	TITLE
RD TX Guide Letter 1927-B-1	11/1997	Request for Title Policy and Legal Services

\* Rural Development and Farm Service Agency (FSA) share these forms.

\*\* There is a Forms Manual Insert (FMI) for this form.

PERFORMANCE BOND  
(Public Body)

KNOW ALL PERSONS BY THESE PRESENTS that

\_\_\_\_\_  
(Name of Contractor)

\_\_\_\_\_  
(Address of Contractor)

a \_\_\_\_\_, hereinafter called Principal, and  
(Corporation, Partnership, or Individual)

\_\_\_\_\_  
(Name of Surety)

\_\_\_\_\_  
(Address of Surety)

hereinafter called Surety, are held and firmly bound unto \_\_\_\_\_

\_\_\_\_\_  
(Name of Owner)

\_\_\_\_\_  
(Address of Owner)

hereinafter called OWNER, and the United States of America acting through  
USDA Rural Development hereinafter referred to as the Government in the total aggregate penal sum  
of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in  
lawful money of the United States, for the payment of which sum well and truly to be made, we bind  
ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly  
by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal entered into a certain  
contract with the Owner, dated the \_\_\_\_\_ day of \_\_\_\_\_, a copy of which is hereto  
attached and made a part hereof for the construction of: \_\_\_\_\_

NOW, THEREFORE, if the Principal shall well, truly and faithfully perform its duties, all the  
undertakings, covenants, terms, conditions, and agreements of said contract during the original term  
thereof, and any extensions thereof which may be granted by the OWNER, or GOVERNMENT, with  
or without notice to the SURETY and during the one year guaranty period and if the PRINCIPAL  
shall satisfy all claims and demands incurred under such contract, and shall fully indemnify and save  
harmless the OWNER and GOVERNMENT from all costs and damages which it may suffer by  
reason of failure to do so and shall reimburse and repay the OWNER and GOVERNMENT all outlay  
and expense which the OWNER, and GOVERNMENT may incur in making good any default, then  
this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the liability of the PRINCIPAL AND SURETY hereunder to the GOVERNMENT shall be subject to the same limitations and defenses as may be available to them against a claim hereunder by the OWNER, provided, however, that the GOVERNMENT may, at its option, perform any obligations of the OWNER required by the contract.

PROVIDED, FURTHER, that the said security, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to WORK to be performed thereunder or the SPECIFICATIONS accompanying same shall in any way affect its obligation on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that it is expressly agreed that the BOND shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon amendment to the Contract not increasing the contract price more than 20 percent, so as to bind the PRINCIPAL and the SURETY to the full and faithful performance of the CONTRACT as so amended. The term "Amendment," wherever used in this BOND, and whether referring to this BOND, the Contract or the Loan Documents shall include any alteration, addition, extension, or modification of any character whatsoever.

PROVIDED, FURTHER, that no final settlement between the OWNER or GOVERNMENT and the PRINCIPAL shall abridge the right of the other beneficiary hereunder, whose claim may be unsatisfied. The OWNER and GOVERNMENT are the only beneficiaries hereunder.

IN WITNESS WHEREOF, this instrument is executed in \_\_\_\_\_ counterparts, each one  
Number

of which shall be deemed an original, this the \_\_\_\_\_ day of \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
(Principal) Secretary

By \_\_\_\_\_ (s)  
Principal

(SEAL)

\_\_\_\_\_  
(Witness as to Principal)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Witness as to Principal)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Address)

_____	_____
	Surety

ATTEST:

_____	_____
(Witness as to Surety)	(Attorney-in-fact)

_____	_____
(Address)	(Address)

_____	_____
-------	-------

Approved as to form

_____
(Owner)

_____
(Date)

NOTE: Date of BOND must not be prior to date of Contract.

If CONTRACTOR is partnership, all partners should execute BOND.

IMPORTANT: Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state where the Project is located.

U.S. Department of Agriculture

TEXAS WARRANTY DEED  
(Voluntary Conveyance)

STATE OF TEXAS \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) KNOW ALL MEN BY THESE PRESENTS

That \_\_\_\_\_ (hereinafter  
Called "Grantor"), for and in consideration of the sum of ONE DOLLAR (\$1.00) and other valuable  
considerations to Grantor in hand paid by United States of America (herein called "Grantee"), the receipt  
of which is hereby acknowledged, have granted, sold unto the said Grantee, United States of America,  
and its assigns, forever, all that certain lot, tract, or parcel of land lying and being situated in  
\_\_\_\_\_ County, Texas. Described as follows, to-wit:

Being the same land that was conveyed to Grantor herein by a certain deed from \_\_\_\_\_  
\_\_\_\_\_ Dated \_\_\_\_\_, recorded in Volume \_\_\_\_\_, Page \_\_\_\_\_  
Records of \_\_\_\_\_ County, Texas, subject, however, to any exceptions and  
reservations set forth in said deed(s), reference to which is hereby made for all purposes.

The acquiring agency is the Rural Housing Service, United States Department of Agriculture, or its  
successor agency, whose address is \_\_\_\_\_

TO HAVE AND TO HOLD the above-described premises, together with all and singular the rights and  
appurtenances thereto in anywise belonging, including all water and water rights unto the said Grantee,  
United States of America, and its assigns, forever The Grantor does hereby bind himself, his heirs,  
executors and administrators, to warrant and forever defend all and singular the said premises unto the  
said Grantee, United States of America, and it's assigns, against every person whomsoever lawfully  
claiming or to claim the same or any part thereof.

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU  
MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS  
INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS:  
YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

Form RD 1927-11 TX  
(Rev. 12-03)

Wherever the context hereof requires, the masculine gender as used herein shall include the feminine and the neuter, and the singular number as used herein shall include the plural.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Grantor

\_\_\_\_\_  
Grantor

ACKNOWLEDGEMENT

STATE OF TEXAS \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

This Instrument was acknowledged before me on \_\_\_\_\_,  
by \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public, State of Texas

ACKNOWLEDGEMENT

STATE OF TEXAS \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

This instrument was acknowledged before me on \_\_\_\_\_,  
by \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public, State of Texas

U.S. Department of Agriculture

TEXAS WARRANTY DEED  
(Voluntary Conveyance)

STATE OF TEXAS \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) KNOW ALL MEN BY THESE PRESENTS

That \_\_\_\_\_ (1) \_\_\_\_\_ (hereinafter  
Called "Grantor"), for and in consideration of the sum of ONE DOLLAR (\$1.00) and other valuable  
considerations to Grantor in hand paid by United States of America (herein called "Grantee"), the receipt  
of which is hereby acknowledged, have granted, sold unto the said Grantee, United States of America,  
and its assigns, forever, all that certain lot, tract, or parcel of land lying and being situated in  
\_\_\_\_\_ (2) \_\_\_\_\_ County, Texas. Described as follows, to-wit:

(3)

Being the same land that was conveyed to Grantor herein by a certain deed from \_\_\_\_\_ (4) \_\_\_\_\_  
Dated \_\_\_\_\_ (5) \_\_\_\_\_, recorded in Volume \_\_\_\_\_ (6) \_\_\_\_\_, Page \_\_\_\_\_ (7) \_\_\_\_\_  
Records of \_\_\_\_\_ (8) \_\_\_\_\_ County, Texas, subject, however, to any exceptions and  
reservations set forth in said deed(s), reference to which is hereby made for all purposes.

The acquiring agency is the Rural Housing Service, United States Department of Agriculture, or its  
successor agency, whose address is \_\_\_\_\_ (9) \_\_\_\_\_

TO HAVE AND TO HOLD the above-described premises, together with all and singular the rights and  
appurtenances thereto in anywise belonging, including all water and water rights unto the said Grantee,  
United States of America, and its assigns, forever The Grantor does hereby bind himself, his heirs,  
executors and administrators, to warrant and forever defend all and singular the said premises unto the  
said Grantee, United States of America, and it's assigns, against every person whomsoever lawfully  
claiming or to claim the same or any part thereof.

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU  
MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS  
INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS:  
YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**



Wherever the context hereof requires, the masculine gender as used herein shall include the feminine and the neuter, and the singular number as used herein shall include the plural.

WITNESS MY HAND this \_\_ (10) \_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_(11)\_\_\_\_\_  
Grantor Grantor

ACKNOWLEDGEMENT  
(12)

STATE OF TEXAS \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

This Instrument was acknowledged before me on \_\_\_\_\_,  
by \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public, State of Texas

ACKNOWLEDGEMENT

STATE OF TEXAS \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

        This instrument was acknowledged before me on \_\_\_\_\_,  
by \_\_\_\_\_.

**(SEAL)**

\_\_\_\_\_  
Notary Public,                      State of Texas

**TEXAS WARRANTY DEED**  
(Voluntary Conveyance)

Used by the Rural Housing Service to acquire the security property by way of a voluntary conveyance (i.e., a deed in lieu of foreclosure) from the borrower(s).

Procedure Reference: 7 C.F.R. Part 3550; RD Instruction 1927-B; and Texas Instruction 1927-B

Prepared by: Closing agent, title insurance company or local office

Number of copies: Original and one copy

Signature(s) required: Borrower and spouse, if any; signature(s) must be acknowledged

Distribution: The Field Office should hold the original deed until it is determined that the title is free of defects and exceptions and that the voluntary conveyance may be accepted. The original deed should not be recorded until the closing of the transaction. After the transaction is closed, the original, recorded deed should be placed into the loan file.

1. Enter the exact name(s) of the borrower(s) as they appear on the Deed of Trust to the Government.
2. Enter the county in which the property is located.
3. Enter the land description exactly as it appears in the Deed of Trust and in the title evidence for the loan.

If the land description is lengthy, it may be placed on a separate page (Exhibit A) and attached to the deed. In the space provided in the deed form for the land description, type the following statement: "See Exhibit A which is attached hereto and made a part hereof for all purposes." Then attach a page to the deed containing the land description. That page should be entitled, "Exhibit A to Deed from \_\_\_\_\_ [borrowers] to the United States of America."

- 4-8. These blanks require information which is contained in the deed of conveyance of the security property to the borrower(s). If the deed is not available, obtain a copy from the Deed Records of the county involved.

4. Name of the persons who conveyed the security property to the borrower(s). Use the name(s) exactly as they appear on the deed to the borrower(s).
5. Date of the deed to the borrower(s).
6. Recording information for the deed to the borrower(s). Usually this is expressed by a volume number and a page number. Some counties may use different recording information.
7. Name of records where the deed is recorded. For example, Deed Records, Real Estate Records, Official Public Records, Real Property Records, etc.
8. Name of county where deed is recorded.
9. Address of the Field Office.
10. Date of this deed.
11. Name(s) and signature(s) of the borrower(s). The name(s) and signature(s) must coincide with the name(s) as indicated under blank number 1. Type the name(s) of the borrower(s) below the signature line.
12. Acknowledgment form(s) for the borrower(s).

## **MEDIAN FEES FOR PROFESSIONAL ENGINEERING SERVICES AS A PERCENTAGE OF NET CONSTRUCTION COST**

The fees for services described in SECTION A of the Agreement for Engineering Services is provided for in the tables below. The term "OWNER", as used herein, shall refer to the entity applying for a Rural Utilities Service (RUS) loan and/or grant. The Rural Utilities Service, is an agency within the United States Department of Agriculture, Rural Development mission area, and is referred to in this Agreement as "AGENCY".

**Table I** may be used for that portion of a construction project which is unusually complex because it includes a complete water treatment plant, sewer collection, sewer treatment plant, water impoundment, or extensive rehabilitation of an existing facility. Compensation for engineering of water lines of diameter smaller than 16 inches and sewer lines of diameter smaller than 24 inches shall be described by Table I.

**Table II** shall apply to all work not provided for in Table I or III.

**Table III** shall apply to sewage treatment facilities utilizing facultative/oxidation ponds and/or artificial wetlands. AGENCY encourages application of Value Engineering during the design and procurement of facilities by eligible OWNERS and their ENGINEERS in order to reduce the cost of a project while maintaining or improving performance over that of a conventional mechanical sewage treatment facility. Although Value Engineering efforts are directed at reducing costs, equal consideration is given to maintaining and improving quality, maintainability, performance, safety, environmental sensitivity, and reliability. Those ENGINEERS able to demonstrate successful application of Value Engineering, with results approved by the AGENCY, that resulted in a reduced fee for engineering services when compared with the fee that would have been earned from the design of a conventional mechanical sewage treatment plant, shall present a written request with justification for approval by the AGENCY and the OWNER of a negotiated increase in fees to compensate the Owner's ENGINEER for the loss of fees realized.

Total Actual Construction Cost	Table I % Fee	Table II % Fee	Table III % Fee
Below \$300,000	Negotiated	Negotiated	Negotiated
\$300,000	9.6	7.8	10.6
\$400,000	9.1	7.4	10.1
\$500,000	8.5	7.1	9.5
\$600,000	8.2	6.9	9.2
\$700,000	8.0	6.8	9.0
\$800,000	7.8	6.6	8.8
\$900,000	7.6	6.5	8.6
\$1,000,000	7.5	6.4	8.5
\$2,000,000	6.9	5.8	7.9
\$3,000,000	6.7	5.6	7.7
\$5,000,000	6.3	5.2	7.3
Above \$5,000,000	Negotiated	Negotiated	Negotiated

The engineering services fee for project costs falling between the figures on the above Tables shall be interpolated to the nearest one-tenth of one percent. Total actual construction cost includes the total of all construction contracts. The contracts must be listed under Section F – Special Provisions. Subject to AGENCY's approval of ENGINEER's written justification, separate contracts, in amounts less than \$300,000 each, may be used to describe construction work requiring extraordinary amounts of engineering more appropriately compensated using the negotiated fees described above.

In the event a Resident Inspector from the local area, with qualifications deemed appropriate by the AGENCY, is not available to the OWNER, the ENGINEER shall present a written request with justification for approval from the OWNER and the AGENCY to allow reimbursement of the travel related costs itemized on page 3 of Attachment I, as an additional project cost to facilitate the ENGINEER's hiring of a qualified out-of-area Resident Inspector. Regardless of whether the Resident Inspector is employed by the OWNER or the Owner's ENGINEER, the ENGINEER is not relieved of providing general engineering inspections by a qualified Engineer. The ENGINEER, employed by the OWNER, is required to provide general supervision of the work of the Resident Inspector and oversight of the construction activity. Periodic visits to the jobsite by the ENGINEER are expected. A written report of the findings of each such visit shall be presented, along with the Resident Inspector's daily written reports of construction progress, to the AGENCY's Local Office with each partial payment estimate.

For projects involving wastewater collection, the detailed topographic surveys for the designing of gravity flow sewer collection lines may be considered as an additional engineering service.

The cost for additional consultation as may be required with regulatory authorities may be shown as an additional cost charged at the appropriate hourly rate.

In the event a dispute of a technical nature between a contractor and the OWNER arises, the Owner's ENGINEER shall present a recommendation of resolution to the contractor, to the OWNER, and to the AGENCY.

Upon satisfactory completion of construction, Owner's ENGINEER shall provide to the OWNER one set of reproducible record ("as-built") drawings, and two sets of prints, at no additional cost to the OWNER. These "as-built" drawings shall be a reflection of what was installed, showing actual location tie-downs for valves and other principal elements of the project construction, where knowledge of location and function are important.

**SCHEDULE OF MAXIMUM ALLOWABLE RATES AND CHARGES FOR  
ADDITIONAL ENGINEERING SERVICES  
AS REFERRED TO IN SECTIONS C AND D OF  
THE AGREEMENT FOR ENGINEERING SERVICES  
EFFECTIVE 01/04**

PERSONNEL

RATE PER HOUR

Engineering

Principal	\$ 120.00
Project Engineer	\$ 95.00
Design Engineer	\$ 85.00
Project Manager	\$ 85.00
E.I.T. (Engineer in Training)	\$ 65.00
Sr. Engineering Technician	\$ 65.00
Engineering/Environmental Technician	\$ 55.00
Environmental Scientist/Coordinator (**)	\$ 65.00
CAD Technician	\$ 45.00
Draftsman	\$ 40.00
Administrative Clerk	\$ 40.00
Clerk	\$ 35.00
Easement Acquisition Specialist (*)	\$ 45.00

Inspection

Resident Project Representative (*)	\$ 45.00
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Surveying

Three-man Party	\$ 105.00
Two-man Party	\$ 85.00
GPS Party	\$ 125.00
Registered Professional Land Surveyor (RPLS)	\$ 80.00
Technician	\$ 45.00

**REIMBURSABLE EXPENSES (\*)**

1. Travel at \$ 0.375/mile plus time at above rates.
  2. Actual cost of subsistence and lodging.
  3. Actual cost of telephone calls, express charged, postage, etc.
  4. Actual cost of materials used in surveying, drafting, printing and reproduction.
  5. Actual cost times 1.05 for special tests and special consultants as referred to in Section D. This includes special surveys required for environmental report such as biological or archaeological surveys.
- (\*) Unless approved in writing by the AGENCY and the OWNER, the above listed items will not apply to the Resident Inspector and the Easement Acquisition Specialist, except for on-site travel and telephone calls.
- (\*\*) Includes any technical specialty associated with environmental compliance, such as; environmental scientist, geologist, hydrologist, biologist, or cultural resources specialist.

**SCHEDULE OF RATES AND CHARGES FOR ADDITIONAL ENGINEERING SERVICES  
AS REFERRED TO IN SECTIONS C AND D OF  
THE AGREEMENT FOR ENGINEERING SERVICES**

PERSONNEL

RATE PER HOUR

Engineering

Principal	\$ _____
Project Engineer	\$ _____
Design Engineer	\$ _____
Project Manager	\$ _____
E.I.T. (Engineer in Training)	\$ _____
Sr. Engineering Technician	\$ _____
Engineering/Environmental Technician	\$ _____
Environmental Scientist/Coordinator (**)	\$ _____
CAD Technician	\$ _____
Draftsman	\$ _____
Administrative Clerk	\$ _____
Clerk	\$ _____
Easement Acquisition Specialist (*)	\$ _____

Inspection

Resident Project Representative (*)	\$ _____
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Surveying

Three-man Party	\$ _____
Two-man Party	\$ _____
GPS Party	\$ _____
Registered Professional Land Surveyor (RPLS)	\$ _____
Technician	\$ _____

**REIMBURSABLE EXPENSES (\*)**

1. Travel at \$ 0.375/mile plus time at above rates.
  2. Actual cost of subsistence and lodging.
  3. Actual cost of telephone calls, express charged, postage, etc.
  4. Actual cost of materials used in surveying, drafting, printing and reproduction.
  5. Actual cost times 1.05 for special tests and special consultants as referred to in Section D. This includes special surveys required for environmental report such as biological or archaeological surveys.
- (\*) Unless approved in writing by the USDA Rural Utilities Service and the Owner, the above listed items will not apply to the Resident Inspector and the Easement Acquisition Specialist, except for on-site travel and telephone calls.
- (\*\*) Includes any technical specialty associated with environmental compliance, such as; environmental scientist, geologist, hydrologist, biologist, or cultural resources specialist.



**COMPENSATION FOR ENGINEERING SERVICES**

Form RD 1942-19, Section B – COMPENSATION FOR ENGINEERING SERVICES; Items #1, #2, and #3(a) are replaced with the following payment provisions:

1. The OWNER shall compensate the ENGINEER for preliminary engineering services, as described in Section A – ENGINEERING SERVICES, (Items 1, 2, & 3) shall include a Preliminary Engineering Report for \$ \_\_\_\_\_ and an Environmental Report for \$ \_\_\_\_\_. Compensation for preliminary engineering services shall be paid in full from loan proceeds after the review and approval of the Preliminary Engineering Report and Environmental Report by the OWNER and the AGENCY.

2. The OWNER shall compensate the ENGINEER for design and contract administration engineering services as described in Section A – ENGINEERING SERVICES (Items 4 through 22) and this Attachment in accordance with the following:

☐ Table I for \_\_\_\_\_  
☐ Table II for \_\_\_\_\_  
☐ Table III for \_\_\_\_\_

The actual construction cost on which compensation is determined shall be the total of all construction contracts excluding legal fees, administrative costs, engineering fees, land rights, acquisition costs, water costs, and interest expense incurred during the construction period. The contracts are listed under Section F – Special Provisions.

3. The compensation for engineering services, design and contract administration as described in Section A – ENGINEERING SERVICES shall be payable from loan proceeds, as follows:

☐ **At 25%** completion of drawings, specifications, cost estimate, and contract documents the ENGINEER shall be paid a sum not to exceed 15.0% of the total compensation payable under Item #2 above. Accordingly, the estimated compensation for this payment will be \$ \_\_\_\_\_.

☐ **At 50%** completion of drawings, specifications, cost estimate, and contract documents the ENGINEER shall be paid an additional 15.0% for a sum not to exceed 30.0% of the total compensation payable under Item #2 above. Accordingly, the estimated compensation for this payment will be \$ \_\_\_\_\_.

☐ **At 75%** completion of the drawings, specifications, and contract documents, the ENGINEER shall be paid an additional 15% for a sum not to exceed 45.0% of the total compensation payable under Item #2 above. Accordingly, the estimated compensation for this payment will be \$ \_\_\_\_\_.

☐ **At 100%** completion of the drawings, specifications, and contract documents and acceptance of the same by the OWNER and USDA Rural Utilities Service, the ENGINEER shall be paid an additional 25% for a sum not to exceed 70% of the total compensation payable under Item #2 above. Accordingly, the estimated compensation for this payment will be \$ \_\_\_\_\_.

**It is understood by the OWNER and the ENGINEER that AGENCY provided loan funds will not be provided for payment of Project costs until after loan closing and executed construction contracts have been approved.**

**INVOICES FOR ENGINEERING SERVICES**

1. Invoices for engineering services shall identify the service in accordance with the Agreement for Engineering Services. Services shall be identified on each invoice as follows:
  - a. Preliminary Engineering Services (Preliminary Engineering Report and Environmental Report). The cost of the Environmental Report shall include the cost of preparing the report, all maps/attachments and initial contacts/consultation with regulatory authorities. Special studies or surveys unique to the proposal, such as cultural resource surveys, shall be listed separately and included as Additional Engineering Services.
  - b. Design and Contract Administration (basic services as described in Section A).
  - c. Resident Inspection (See page 2)
  - d. Additional Engineering Services (Section D provides for prior written approval by the OWNER and the AGENCY).
2. Fees for Design and Contract Administration should initially be based on the estimated construction cost. After the contracts are awarded, fees shall be adjusted to the awarded contract cost, including change orders. Fees shall not be based on bids which exceed the funds allocated and budgeted.
3. In accordance with the Agreement, additional engineering services require prior written authorization by the OWNER and written approval by the AGENCY. AGENCY approval of additional engineering services for all projects will require the review of the following:
  - a. Written authorization from the OWNER.
  - b. A complete description of the additional services authorized by the OWNER.
  - c. Cost of the additional services authorized by the OWNER.
4. Unless reviewed and approved by the AGENCY in advance, redesigns required to bring the construction cost within the funds allocated and budgeted shall be the responsibility of the ENGINEER without additional compensation paid by the OWNER.
5. Engineering services for a Project using AGENCY financing shall be performed under a single engineering services agreement and the ENGINEER shall not enter into side agreements with the OWNER without AGENCY approval.

\_\_\_\_\_  
Presiding Officer of Governing Body of OWNER

\_\_\_\_\_  
Date

\_\_\_\_\_  
Owner's ENGINEER

\_\_\_\_\_  
Date

APPROVED by AGENCY (RURAL UTILITIES SERVICE)

Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

United States Department of Agriculture  
Rural Housing Service

**DEED OF TRUST FOR TEXAS**

THIS DEED OF TRUST ("Security Instrument") is made on \_\_\_\_\_, [Date]  
The grantor is \_\_\_\_\_ ("Borrower") whose  
mailing address is \_\_\_\_\_,

Texas ("Mailing Address.") The trustee is \_\_\_\_\_, State Director for Rural  
Development for the State of Texas, United States Department of Agriculture, and the State Director's successors in office  
as State Director or Acting State Director, and whose address is 101 S. Main Street, Temple, Bell County, Texas 76501  
("Trustee"). The beneficiary is the United States of America acting through the Rural Housing Service or successor agency,  
United States Department of Agriculture ("Lender"), whose address is Rural Housing Service, c/o Centralized Servicing  
Center, United States Department of Agriculture, P.O. Box 66889, St. Louis, Missouri 63166.

Borrower is indebted to Lender under the following promissory notes and/or assumption agreements (herein collectively  
called "Note") which have been executed or assumed by Borrower and which provide for monthly payments, with the full  
debt, if not paid earlier, due and payable on the maturity date:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Maturity Date</u>
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This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all  
renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under  
paragraph 7; (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note, and  
(d) the recapture of any payment assistance and subsidy which may be granted to the Borrower by the Lender pursuant to 42  
U.S.C. §§ 1472(g) or 1490a. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of  
sale, the following described property located in the county of \_\_\_\_\_, State of Texas:

[See attached Exhibit A]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances,  
and fixtures which now or hereafter are a part of the property. All replacements and additions shall also be covered by this  
Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant  
and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and  
will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with  
limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

- 1. Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due  
the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under  
the Note.
- 2. Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR  
STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED  
FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S  
LICENSE NUMBER.**

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of  
information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time  
required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions,  
searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*

Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; and (d) yearly flood insurance premiums, if any. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 *et seq.* ("RESPA"), unless another law or federal regulation that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held by a federal agency (including Lender) or in an institution whose deposits are insured by a federal agency, instrumentality, or entity. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If Lender shall acquire or sell the Property after acceleration under paragraph 22, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

**3. Application of Payments.** Unless applicable law or Lender's regulations provide otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied in the following order of priority: (1) to advances for the preservation or protection of the Property or enforcement of this lien; (2) to accrued interest due under the Note; (3) to principal due under the Note; (4) to amounts required for the escrow items under paragraph 2; (5) to late charges and other fees and charges.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Lender has agreed in writing to such lien or Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within ten (10) days of the giving of notice.

Borrower shall pay to Lender such fees and other charges as may now or hereafter be required by regulations of Lender, and pay or reimburse the Lender or Trustee for all of Trustee's and Lender's fees, costs, and expenses in connection with any full or partial release or subordination of this instrument or any other transaction affecting the property.

**5. Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurer providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, at Lender's option Lender may obtain coverage to protect Lender's rights in the Property pursuant to paragraph 7.

All insurance policies and renewals shall be in a form acceptable to Lender and shall include a standard mortgagee clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be

applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within thirty (30) days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The thirty (30) day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If after acceleration the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**6. Preservation, Maintenance, and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall maintain the improvements in good repair and make repairs required by Lender. Borrower shall comply with all laws, ordinances, and regulations affecting the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

**7. Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender is not required to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

**8. Refinancing.** If at any time it shall appear to Lender that Borrower may be able to obtain a loan from a responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes, Borrower will, upon the Lender's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby in full.

**9. Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

**10. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured hereby immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within thirty (30) days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

**11. Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower and any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or

remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**12. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

**13. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Borrower's Mailing Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

**14. Governing Law; Severability.** This Security Instrument shall be governed by federal law. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable. This instrument shall be subject to the present regulations of Lender, and to its future regulations not inconsistent with the express provisions hereof. All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

**15. Borrower's Copy.** Borrower acknowledges receipt of one conformed copy of the Note and of this Security Instrument.

**16. Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is leased for a term greater than three (3) years, leased with an option to purchase, sold, or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument.

**17. Nondiscrimination.** If Borrower intends to sell or rent the Property or any part of it and has obtained Lender's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower, will refuse to negotiate for the sale or rental of the Property or will otherwise make unavailable or deny the Property to anyone because of race, color, religion, sex, national origin, handicap, age, or familial status, and (b) Borrower recognizes as illegal and hereby disclaims and will not comply with or attempt to enforce any restrictive covenants on dwelling relating to race, color, religion, sex, national origin, handicap, age or familial status.

**18. Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 13 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made.

**19. Uniform Federal Non-Judicial Foreclosure.** If a uniform federal non-judicial foreclosure law applicable to foreclosure of this security instrument is enacted, Lender shall have the option to foreclose this instrument in accordance with such federal procedure.

**20. Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances on or in the Property. The preceding sentence shall not apply to the presence, use, or storage on the Property of small quantities of hazardous substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any federal, state, or local environmental law or regulation.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any hazardous substance or environmental law or regulation of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with applicable environmental law and regulations.

As used in this paragraph "hazardous substances" are those substances defined as toxic or hazardous substances by environmental law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph, "environmental law" means federal laws and regulations and laws and regulations of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

**21. Cross Collateralization.** Default hereunder shall constitute default under any other real estate security instrument held by Lender and executed or assumed by Borrower, and default under any other such security instrument shall constitute default hereunder.

**NON-UNIFORM COVENANTS.** Borrower and Lender further covenant and agree as follows:

**22. Default; Lender's Remedies upon Default.** Default occurs under this Security Instrument if Borrower breaches

any covenant and agreement in this Security Instrument or in the Note. Upon default, Lender shall give notice of the default to Borrower prior to acceleration if required by applicable law. If the default is not cured within the time stated in the notice, Lender, at its option, may: (a) accelerate the maturity of the Note and declare immediately due and payable the entire amount unpaid under the Note and any other indebtedness which is secured by this Security Instrument; (b) for the account of Borrower, incur and pay reasonable expenses for the repair or maintenance of and take possession of, operate or rent the Property; and (c) foreclose this Security Instrument and sell the property in accordance with the remedies provided in this Security Instrument and under applicable federal or state law.

**23. Trustee Sale under Texas Law.** Upon default and at the request of the Lender, Trustee may foreclose this instrument by notice and sale of the Property as provided by Texas law in effect at the time of the foreclosure sale. The sale may be for cash or secured credit at the option of the Lender. Such sale may be adjourned from time to time without notice other than oral proclamation at the time and place appointed for such sale. At such sale, the Lender and its agents may bid and purchase as a stranger. The Trustee, at Trustee's option, may: (a) conduct such sale, without being personally present, through Trustee's delegate authorized by Trustee for such purpose in writing and without notice to Borrower of such authorization; (b) enter a bid on behalf of the Lender; (c) sell less than all of the Property at any one sale; and (d) sell the Property in separate parcels at any one sale. If the property is situated in two or more counties, the sale may be held in any one of such counties selected by the Lender in its sole discretion. Trustee shall deliver to the purchaser a Trustee's Deed conveying indefeasible title to the Property with covenants of general warranty. Borrower covenants and agrees to defend generally the purchaser's title to the Property as against all claims and demands. The recitals and statements of fact in the Trustee's Deed shall be prima facie evidence of the truth of the statements made therein. In the event of foreclosure sale, Borrower shall give up and deliver immediately possession of the property to the purchaser thereof or assume the status of a tenant at will and be subject to summary dispossession as by law provided.

**24. Application of Foreclosure Sale Proceeds:** The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) expenses incident to the Lender's enforcement of its rights under this Security Instrument and the foreclosure of its lien hereunder, including, but not limited to, reasonable Trustee's and attorney fees; (b) any prior liens required by law or a court of competent jurisdiction to be so paid; (c) all sums secured by this Security Instrument; (d) inferior liens of record required by law or a court of competent jurisdiction to be so paid; (e) at the Lender's option, any other indebtedness of Borrower owing to the Lender or any agency of Lender; and (f) any balance to Borrower. In the case the Lender is the successful bidder at the foreclosure or other sale of all or any part of the property, the Lender may pay its share of the purchase price by crediting such amount on any debts of Borrower owing the Government, in the order prescribed above.

**25. Invalidity or Partial Invalidity.** If this Security Instrument should be invalid for any purpose for which it is executed, such invalidity for such purpose shall not impair its validity for any other purpose. If any provision of this Instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of this Instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

**26. Payment Application in Case of Partial Invalidity.** In the event any portion of the sums intended to be secured by this Security Instrument cannot be lawfully secured hereby, payments in reduction of such sums shall be applied first to those portions not secured hereby.

**27. Waivers.** Borrower agrees that Lender will not be bound by any present or future state laws (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, or (c) limiting the conditions which Lender may by regulation impose, including the interest rate it may charge, as a condition to approving a transfer of the Property to a new borrower. Borrower expressly waives the benefit of any such state laws.

**28. Substitute Trustee.** Lender, or its assigns, may appoint in writing a substitute trustee who shall succeed to all of the title, power, rights and duties conferred upon Trustee herein. When a substitute trustee is appointed by Lender, the former trustee or any substitute trustee shall be divested of such title, power, rights and duties. The appointment of a substitute trustee may be accomplished with or without cause and without notice to Borrower.

**29. Release.** Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

**30. Subrogation.** Any of the proceeds of the Note used to take up outstanding liens against all or any part of the Property have been advanced by Lender at Borrower's request and upon Borrower's representation that such amounts are due and are secured by valid liens against the Property. Lender shall be subrogated to any and all rights, superior titles, liens and equities owned or claimed by any owner or holder of any outstanding liens and debts, regardless of whether said liens or debts are acquired by Lender by assignment or are released by the holder thereof upon payment.

**31. Non-Merger of Title.** If the Property is conveyed to the Lender, title shall not merge (unless Lender elects otherwise) and the lien provided under this Security Instrument shall not be affected or impaired by such conveyance.

**32. Additional Documents.** Borrower shall, upon request by Lender, execute, acknowledge and deliver to Lender any and all additional documents, instruments and further assurances as may be necessary or proper in the Lender's opinion, to effect the intent of this loan transaction or to provide the Lender with the security required or contemplated for this loan transaction.

**33. Replacement and Corrected Documents.** If any document material to this loan transaction is lost, misplaced, misstated or inaccurately reflects the true and correct terms and conditions of this loan transaction, upon request by Lender, Borrower will comply with Lender's request to execute, acknowledge, initial and deliver to Lender any and all

**34. Interest Rate.** Interest on the debt secured by this Security Instrument shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited to the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited to the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.

☐ The debt evidenced by the Note is in payment or part payment of the purchase price of the Property. The Note secured hereby is primarily secured by the Vendor's Lien retained in the Deed of even date herewith conveying the Property to Borrower, which Vendor's Lien has been assigned to Lender, this Security Instrument being additional security therefor. This Instrument does not waive the Vendor's Lien, and the two liens and the rights created by this Instrument shall be cumulative. Lender may elect to foreclose under either of the liens without waiving the other or may foreclose under both.

**36. Riders to this Security Instrument.** If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box]

- BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in pages 1 through 6 of this Security Instrument and in any rider executed by Borrower and recorded with this Security Instrument.

Borrower

$$\}$$

This instrument was acknowledged before me on \_\_\_\_\_, by \_\_\_\_\_ and \_\_\_\_\_.

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(SEAL)

Page 6 of 6



Form RD 3550-14 TX  
(Rev. 12-03)

[Space Above This Line For Recording Data]

Form Approved  
OMB No. 0575-0172United States Department of Agriculture  
Rural Housing Service**DEED OF TRUST FOR TEXAS**

THIS DEED OF TRUST ("Security Instrument") is made on (1) \_\_\_\_\_, [Date]  
 The grantor is (2) \_\_\_\_\_ ("Borrower") whose  
 mailing address is (3) \_\_\_\_\_,

Texas ("Mailing Address.") The trustee is (4) \_\_\_\_\_, State Director for Rural  
 Development for the State of Texas, United States Department of Agriculture, and the State Director's successors in office  
 as State Director or Acting State Director, and whose address is 101 S. Main Street, Temple, Bell County, Texas 76501  
 ("Trustee"). The beneficiary is the United States of America acting through the Rural Housing Service or successor agency,  
 United States Department of Agriculture ("Lender"), whose address is Rural Housing Service, c/o Centralized Servicing  
 Center, United States Department of Agriculture, P.O. Box 66889, St. Louis, Missouri 63166.

Borrower is indebted to Lender under the following promissory notes and/or assumption agreements (herein collectively  
 called "Note") which have been executed or assumed by Borrower and which provide for monthly payments, with the full  
 debt, if not paid earlier, due and payable on the maturity date:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Maturity Date</u>
(5)		

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all  
 renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under  
 paragraph 7; (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note, and  
 (d) the recapture of any payment assistance and subsidy which may be granted to the Borrower by the Lender pursuant to 42  
 U.S.C. §§ 1472(g) or 1490a. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of  
 sale, the following described property located in the county of (6) \_\_\_\_\_, State of Texas:  
 (7)

[See attached Exhibit A]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances,  
 and fixtures which now or hereafter are a part of the property. All replacements and additions shall also be covered by this  
 Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant  
 and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and  
 will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with  
 limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

- 1. Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due  
 the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under  
 the Note.
- 2. Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR  
 STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED  
 FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S  
 LICENSE NUMBER.**

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of  
 information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time  
 required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions,  
 searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*

Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; and (d) yearly flood insurance premiums, if any. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 *et seq.* ("RESPA"), unless another law or federal regulation that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held by a federal agency (including Lender) or in an institution whose deposits are insured by a federal agency, instrumentality, or entity. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If Lender shall acquire or sell the Property after acceleration under paragraph 22, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

**3. Application of Payments.** Unless applicable law or Lender's regulations provide otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied in the following order of priority: (1) to advances for the preservation or protection of the Property or enforcement of this lien; (2) to accrued interest due under the Note; (3) to principal due under the Note; (4) to amounts required for the escrow items under paragraph 2; (5) to late charges and other fees and charges.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Lender has agreed in writing to such lien or Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within ten (10) days of the giving of notice.

Borrower shall pay to Lender such fees and other charges as may now or hereafter be required by regulations of Lender, and pay or reimburse the Lender or Trustee for all of Trustee's and Lender's fees, costs, and expenses in connection with any full or partial release or subordination of this instrument or any other transaction affecting the property.

**5. Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurer providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, at Lender's option Lender may obtain coverage to protect Lender's rights in the Property pursuant to paragraph 7.

All insurance policies and renewals shall be in a form acceptable to Lender and shall include a standard mortgagee clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be

applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within thirty (30) days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The thirty (30) day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If after acceleration the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**6. Preservation, Maintenance, and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall maintain the improvements in good repair and make repairs required by Lender. Borrower shall comply with all laws, ordinances, and regulations affecting the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

**7. Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender is not required to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

**8. Refinancing.** If at any time it shall appear to Lender that Borrower may be able to obtain a loan from a responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes, Borrower will, upon the Lender's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby in full.

**9. Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

**10. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured hereby immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within thirty (30) days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

**11. Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower and any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or

remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**12. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

**13. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Borrower's Mailing Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

**14. Governing Law; Severability.** This Security Instrument shall be governed by federal law. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable. This instrument shall be subject to the present regulations of Lender, and to its future regulations not inconsistent with the express provisions hereof. All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

**15. Borrower's Copy.** Borrower acknowledges receipt of one conformed copy of the Note and of this Security Instrument.

**16. Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is leased for a term greater than three (3) years, leased with an option to purchase, sold, or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument.

**17. Nondiscrimination.** If Borrower intends to sell or rent the Property or any part of it and has obtained Lender's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower, will refuse to negotiate for the sale or rental of the Property or will otherwise make unavailable or deny the Property to anyone because of race, color, religion, sex, national origin, handicap, age, or familial status, and (b) Borrower recognizes as illegal and hereby disclaims and will not comply with or attempt to enforce any restrictive covenants on dwelling relating to race, color, religion, sex, national origin, handicap, age or familial status.

**18. Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 13 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made.

**19. Uniform Federal Non-Judicial Foreclosure.** If a uniform federal non-judicial foreclosure law applicable to foreclosure of this security instrument is enacted, Lender shall have the option to foreclose this instrument in accordance with such federal procedure.

**20. Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances on or in the Property. The preceding sentence shall not apply to the presence, use, or storage on the Property of small quantities of hazardous substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any federal, state, or local environmental law or regulation.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory authority or private party involving the Property and any hazardous substance or environmental law or regulation of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with applicable environmental law and regulations.

As used in this paragraph "hazardous substances" are those substances defined as toxic or hazardous substances by environmental law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph, "environmental law" means federal laws and regulations and laws and regulations of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

**21. Cross Collateralization.** Default hereunder shall constitute default under any other real estate security instrument held by Lender and executed or assumed by Borrower, and default under any other such security instrument shall constitute default hereunder.

**NON-UNIFORM COVENANTS.** Borrower and Lender further covenant and agree as follows:

**22. Default; Lender's Remedies upon Default.** Default occurs under this Security Instrument if Borrower breaches

any covenant and agreement in this Security Instrument or in the Note. Upon default, Lender shall give notice of the default to Borrower prior to acceleration if required by applicable law. If the default is not cured within the time stated in the notice, Lender, at its option, may: (a) accelerate the maturity of the Note and declare immediately due and payable the entire amount unpaid under the Note and any other indebtedness which is secured by this Security Instrument; (b) for the account of Borrower, incur and pay reasonable expenses for the repair or maintenance of and take possession of, operate or rent the Property; and (c) foreclose this Security Instrument and sell the property in accordance with the remedies provided in this Security Instrument and under applicable federal or state law.

**23. Trustee Sale under Texas Law.** Upon default and at the request of the Lender, Trustee may foreclose this instrument by notice and sale of the Property as provided by Texas law in effect at the time of the foreclosure sale. The sale may be for cash or secured credit at the option of the Lender. Such sale may be adjourned from time to time without notice other than oral proclamation at the time and place appointed for such sale. At such sale, the Lender and its agents may bid and purchase as a stranger. The Trustee, at Trustee's option, may: (a) conduct such sale, without being personally present, through Trustee's delegate authorized by Trustee for such purpose in writing and without notice to Borrower of such authorization; (b) enter a bid on behalf of the Lender; (c) sell less than all of the Property at any one sale; and (d) sell the Property in separate parcels at any one sale. If the property is situated in two or more counties, the sale may be held in any one of such counties selected by the Lender in its sole discretion. Trustee shall deliver to the purchaser a Trustee's Deed conveying indefeasible title to the Property with covenants of general warranty. Borrower covenants and agrees to defend generally the purchaser's title to the Property as against all claims and demands. The recitals and statements of fact in the Trustee's Deed shall be prima facie evidence of the truth of the statements made therein. In the event of foreclosure sale, Borrower shall give up and deliver immediately possession of the property to the purchaser thereof or assume the status of a tenant at will and be subject to summary dispossession as by law provided.

**24. Application of Foreclosure Sale Proceeds:** The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) expenses incident to the Lender's enforcement of its rights under this Security Instrument and the foreclosure of its lien hereunder, including, but not limited to, reasonable Trustee's and attorney fees; (b) any prior liens required by law or a court of competent jurisdiction to be so paid; (c) all sums secured by this Security Instrument; (d) inferior liens of record required by law or a court of competent jurisdiction to be so paid; (e) at the Lender's option, any other indebtedness of Borrower owing to the Lender or any agency of Lender; and (f) any balance to Borrower. In the case the Lender is the successful bidder at the foreclosure or other sale of all or any part of the property, the Lender may pay its share of the purchase price by crediting such amount on any debts of Borrower owing the Government, in the order prescribed above.

**25. Invalidity or Partial Invalidity.** If this Security Instrument should be invalid for any purpose for which it is executed, such invalidity for such purpose shall not impair its validity for any other purpose. If any provision of this Instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of this Instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

**26. Payment Application in Case of Partial Invalidity.** In the event any portion of the sums intended to be secured by this Security Instrument cannot be lawfully secured hereby, payments in reduction of such sums shall be applied first to those portions not secured hereby.

**27. Waivers.** Borrower agrees that Lender will not be bound by any present or future state laws (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, or (c) limiting the conditions which Lender may by regulation impose, including the interest rate it may charge, as a condition to approving a transfer of the Property to a new borrower. Borrower expressly waives the benefit of any such state laws.

**28. Substitute Trustee.** Lender, or its assigns, may appoint in writing a substitute trustee who shall succeed to all of the title, power, rights and duties conferred upon Trustee herein. When a substitute trustee is appointed by Lender, the former trustee or any substitute trustee shall be divested of such title, power, rights and duties. The appointment of a substitute trustee may be accomplished with or without cause and without notice to Borrower.

**29. Release.** Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

**30. Subrogation.** Any of the proceeds of the Note used to take up outstanding liens against all or any part of the Property have been advanced by Lender at Borrower's request and upon Borrower's representation that such amounts are due and are secured by valid liens against the Property. Lender shall be subrogated to any and all rights, superior titles, liens and equities owned or claimed by any owner or holder of any outstanding liens and debts, regardless of whether said liens or debts are acquired by Lender by assignment or are released by the holder thereof upon payment.

**31. Non-Merger of Title.** If the Property is conveyed to the Lender, title shall not merge (unless Lender elects otherwise) and the lien provided under this Security Instrument shall not be affected or impaired by such conveyance.

**32. Additional Documents.** Borrower shall, upon request by Lender, execute, acknowledge and deliver to Lender any and all additional documents, instruments and further assurances as may be necessary or proper in the Lender's opinion, to effect the intent of this loan transaction or to provide the Lender with the security required or contemplated for this loan transaction.

**33. Replacement and Corrected Documents.** If any document material to this loan transaction is lost, misplaced, misstated or inaccurately reflects the true and correct terms and conditions of this loan transaction, upon request by Lender, Borrower will comply with Lender's request to execute, acknowledge, initial and deliver to Lender any and all

**34. Interest Rate.** Interest on the debt secured by this Security Instrument shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.

**(9) 36. Riders to this Security Instrument.** If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box]

$$\frac{(11)}{\text{Borrower}} \quad \frac{\quad}{\text{Borrower}}$$

$$\}$$

State of Texas                      ss:  
County of \_\_\_\_\_

I, the undersigned, do hereby certify that the foregoing instrument was filed for record in my office on the \_\_\_\_\_ day of \_\_\_\_\_, A.D. \_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_ M., and was duly recorded on this \_\_\_\_\_ day of \_\_\_\_\_, A.D. \_\_\_\_\_, in Volume \_\_\_\_\_, page \_\_\_\_\_ of the Deed of Trust Records of said \_\_\_\_\_ County.

WITNESS MY HAND and the seal of the \_\_\_\_\_ County Court of Said County at my office in \_\_\_\_\_ the day and year last above written

=====

County Clerk \_\_\_\_\_  
\_\_\_\_\_ County, Texas

By \_\_\_\_\_ Deputy

**DEED OF TRUST FOR TEXAS**

Used by Rural Housing Service to obtain a lien on real estate as security for RHS SFH loans.

Procedure Reference: RD Instruction 1927-B and Texas Instruction 1927-B

Prepared by: Closing agent, title insurance company or local office

Number of Copies: Original and One

Signatures Required: Original signed by borrower and spouse (if any)

Distribution: Original to borrower's loan file after it has been signed,  
notarized and recorded in the appropriate county records.  
Conformed copy to the borrower.

**COMPLETION OF THE FORM:**

1. Date on which the deed of trust is signed by the borrower and spouse.
2. Name(s) of borrower and spouse as they appear on the promissory note. The name(s) must be exactly the same as the name(s) used on the deed to the borrower and spouse.
3. Mailing address of borrower and spouse.
4. Name of State Director. If the State Director is "acting", then insert the word "acting".
5. Describe note or notes, if there is more than one note.
6. Name of the county where the real estate security is located.
7. Legal description of the real estate security. The legal description used must be the same as the legal description on the deed to the borrower(s) and in the commitment for title insurance.

The legal description is to be placed on a separate page (Exhibit A) and attached to the deed of trust. That page should be entitled, "Exhibit A to Deed of Trust from \_\_\_\_\_[borrowers] to \_\_\_\_\_[name of State Director], State Director."

The exceptions to title will be stated in the deed of trust immediately following the legal description to the land. If the legal description is on an exhibit, the exceptions may be on that same exhibit following the legal description. Those exceptions must be the same exceptions to title which will be included in the title policy for the loan and which have been approved by the approval official.

8. In ¶ 35, there are two options. The appropriate box must be marked with an "x".

a. Loan to Purchase - Vendor's Lien Required - If all or a portion of the loan is being used by the borrower to purchase the real estate security, then the first block in ¶ 35 should be marked with an "x". In addition, the deed to the borrower must reserve a vendor's lien in favor of the United States of America for the amount of the purchase money advanced. See Texas Instruction (RD) 1927-B.

b. Loan to Refinance - If the loan is being made to refinance an existing lien on the real estate security, then the second block in ¶ 35 must be marked with an "x." In addition, the Refinancing Rider will be prepared, signed and attached to the deed of trust.

c. If the loan being made is not to purchase the real estate security or to refinance an existing lien, then ¶ 35 may be stricken.

9. In ¶ 36, there are several options. The appropriate box must be marked with an "x."

a. Loan to construct improvements - The box immediately to the left of "Home Improvement/Construction Rider" will be marked with an "x." In addition, the Home Improvement/Construction Rider will be completed, signed by the borrower(s) and attached to the deed of trust. See Texas Instruction 1927-B.

b. Loan to refinance - On page 6 of the deed of trust form at ¶ 36, the box immediately to the left of "Refinancing Rider" will be marked with an "x." In addition, the Refinancing Rider will be completed, signed by the borrower(s) and attached to the deed of trust. The second box in ¶ 35 will also be marked with an "x." See Texas Instruction 1927-B.

c. Other riders - While there is a provision for attaching other riders to this form, no other riders have been approved for use. Do not attach other riders without prior approval of the State Office.

10. Date that the deed of trust is signed by the borrower.

11. Signature of the borrower and spouse as they appear in item 2 above. The name(s) of the borrower(s) should be typed below the line where they are to sign.

12. The deed of trust will be acknowledged before a notary public or other official authorized to take acknowledgments.

**After this form has been completed, signed by all parties and notarized, it must be recorded in the appropriate real estate records of the county where the security property is located.**



**PAYMENT BOND**

**KNOW ALL PERSONS BY THESE PRESENTS:** that

\_\_\_\_\_  
(Name of Contractor)

\_\_\_\_\_  
(Address of Contractor)

a \_\_\_\_\_ hereinafter called **PRINCIPAL** and  
(Corporation, Partnership or individual)

\_\_\_\_\_  
(Name of Surety)

\_\_\_\_\_  
(Mailing Address of Surety)

\_\_\_\_\_  
(Physical Address of Surety)

\_\_\_\_\_  
(Telephone Number, including area code, of Surety)

hereinafter called **SURETY**, are held and firmly bound unto

\_\_\_\_\_  
(Name of Owner)

\_\_\_\_\_  
(Address of Owner)

hereinafter called **OWNER** and unto all persons, firms, and corporations who or which may furnish labor, or who furnish materials to perform as described under the contract and to their successors and assigns in the total aggregate penal sum of

\_\_\_\_\_ DOLLARS  
(\$ \_\_\_\_\_) in lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

**THE CONDITION OF THIS OBLIGATION** is such that whereas, the **PRINCIPAL** entered into a certain contract with the **OWNER**, dated the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, a copy of which is hereto attached and made a part hereof for the construction of-

**NOW, THEREFORE**, if the **PRINCIPAL** shall promptly make payment to all persons, firms, and corporations furnishing materials for or performing labor in the prosecution of the **WORK** provided for in such contract, and any authorized extensions or modification thereof, including all amounts due for materials, lubricants, oil, gasoline, coal and coke, repairs on machinery, equipment and tools, consumed or used in connection with the construction of such **WORK**, and for all labor cost incurred in such **WORK** including that by a **SUBCONTRACTOR**, and to any laborer, mechanic or materialman lienholder whether it acquires its lien by operation of State or Federal law; then this obligation shall be void, otherwise to remain in full force and effect.

**PROVIDED**, that beneficiaries or claimants hereunder shall be limited to the **SUBCONTRACTORS**, and persons, firms, and corporations having a direct contract with the **PRINCIPAL** or its **SUBCONTRACTORS**.

**PROVIDED, FURTHER**, that the said **SURETY** for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the **WORK** to be performed thereunder or the **SPECIFICATIONS** accompanying the same shall in any way affect its obligation on this **BOND**, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of this contract or to the **WORK** or to the **SPECIFICATIONS**.

**PROVIDED, FURTHER**, that no suit or action shall be commenced hereunder by any claimant:

- (a) Unless claimant shall have given the notice or notices required by applicable state law, in the manner required by applicable state law and within the time limits prescribed by applicable state law; or
- (b) After the expiration of the minimum period of limitation permitted by applicable state law.

**PROVIDED, FURTHER**, that it is expressly agreed that this **BOND** shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon amendment to the Contract not increasing the contract price more than 20 percent, so as to bind the **PRINCIPAL** and the **SURETY** to the full and faithful performance of the Contract as so amended. The term "Amendment," wherever used in this **BOND** and whether referring to this **BOND**, the contract or the loan Documents shall include any alteration, addition, extension or modification of any character whatsoever.

**PROVIDED, FURTHER**, that no final settlement between the **OWNER** and the **CONTRACTOR** shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

**WITNESS WHEREOF**, this instrument is executed in \_\_\_\_\_ counterparts, each of which shall be deemed an original, this the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**PRINCIPAL:**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(SEAL)

Witness:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

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**SURETY:**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(SEAL)

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**OWNER APPROVAL:**

The OWNER approves the form of this Payment Bond.

Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

(SEAL)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**NOTES:**

1. The date of the Bond must not be prior to the date of the Contract.
2. The amount of the Bond must not be less than the amount of the Contract.
3. If the contractor is a partnership, all partners should execute the Bond.

If the contractor is a corporation, the Bond must be executed by an authorized official of the corporation. Authorization should be evidenced by a corporate resolution.

4. The surety must:

(a) be a corporation which is authorized to conduct business in the State of Texas;

(b) be a corporation which is licensed by the State of Texas to execute bonds as a surety; and

(c) must appear on the Treasury Department's most current list (Circular 570 as amended). See the FMI.

5. The Bond must be executed by an authorized representative of the surety. Ordinarily, Bonds are signed by an attorney-in-fact or agent of the surety. The person signing the Bond for the surety should provide a copy of the power of attorney or other evidence of their authority to act on behalf of the surety.

6. The owner's attorney must review the construction contract, other contract documents and the payment and performance bonds. The attorney must certify in writing that these documents are adequate and that the persons signing these documents have been properly authorized to do so. RUS Instruction 1780, § 1780.61 (b).

## PAYMENT BOND

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A payment bond is required on the following contracts for construction or facility improvements:

--If the borrower is a public body and the contract exceeds \$25,000, the form is required.

If a payment bond is not required, a borrower may nevertheless elect to use a payment bond in order to obtain the protections and benefits afforded under state law.

Procedure Reference: RUS Instruction 1780, §§ 1780.61 and 1780.75

Prepared by: \_\_\_\_\_

Number of Copies: Multiple originals may be created.

Signatures Required: Multiple originals may be created. All must be signed by contractor, surety and borrower.

### COMPLETION OF THE FORM:

1. Insert the name and address of the Contractor in the appropriate blanks.
2. Insert the type of entity which the Contractor is, i.e., corporation, partnership, individual, etc.
- 3-6. **SELECTION OF THE SURETY:** This is a *very important* requirement. The surety must satisfy *each* of the following requirements:
  - (a) The surety must be a corporate surety. [§ 2253.201(d), Texas Government Code];
  - (b) The surety must be authorized, licensed and admitted to do or transact business in the State of Texas. [RUS Instruction 1780, § 1780.75(c); § 2253.201(d), Texas Government Code];
  - (c) The surety must be licensed by the State of Texas to execute bond as a surety. [2253.201(d), Texas Government Code]; and
  - (d) The surety must hold a certificate of authority as an acceptable surety on Federal Bonds as listed in Treasury Circular 570, as amended. [RUS Instruction 1780, § 1780.75(c).]

If the surety does not satisfy *each* of these requirements, the surety may not be used for the payment bond.

3. Insert the complete and correct name of the surety. The name should be in all capital letters and should be in bold print.
4. Insert the complete mailing address of the surety. The mailing address should be in all capital letters and should be in bold print.
5. Insert the complete physical address of the surety. The physical address should be in all capital letters and should be in bold print.
6. Insert the complete telephone number (with area code) of the surety. The telephone number (with area code) should be in bold print.
7. Insert the name and address of the borrower in the appropriate blanks.
8. Insert the amount of the bond. The amount should not be less than the original amount of the contract.  
  
The amount should be expressed in words (in the appropriate blank) and then in numbers in the appropriate blank.
9. Insert the date of the contract. The date of the contract must be a date before or the same date as the date of the bond.
10. Insert a general description of the work to be done under the contract.
11. Insert the number of bonds being signed.
12. Insert the date of the bond. The date of the bond must be a date after or the same date as the date of the contract.
13. Insert the name and signature of the contractor (principal). The contractor's name and address should be typed below the signature line.
14. If the contractor is a corporation, the signature, name and title of the official signing the bond for the corporation should be inserted in the appropriate blanks.
15. If the contractor is a corporation, insert the signature, name and title of the person attesting the signature of the contractor. Also, the corporate seal should be placed at the appropriate location.
16. Insert the signature, name and address of the person witnessing the contractor's signature.
17. Insert the name and address of the surety.

18. The signature, name and title of the official signing the bond for the surety should be inserted in the appropriate blanks.
19. Insert the signature, name and title of the person attesting the signature of the surety. Also, the corporate seal should be placed at the appropriate location.
20. Insert the date that the borrower approves the payment bond.
21. Insert the name and address of the borrower.
22. The signature, name and title of the official signing the bond for the borrower should be inserted in the appropriate blanks.
23. Insert the signature, name and title of the person attesting the signature of the borrower. Also, the corporate seal, if appropriate, should be placed at the appropriate location.

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**PAYMENT BOND**

**KNOW ALL PERSONS BY THESE PRESENTS:** that

\_\_\_\_\_  
(1)  
(Name of Contractor)

\_\_\_\_\_  
(1)  
(Address of Contractor)

a \_\_\_\_\_ (2) hereinafter called **PRINCIPAL** and  
(Corporation, Partnership or Individual)

\_\_\_\_\_  
(3)  
(Name of Surety)

\_\_\_\_\_  
(4)  
(Mailing Address of Surety)

\_\_\_\_\_  
(5)  
(Physical Address of Surety)

\_\_\_\_\_  
(6)  
(Telephone Number, including area code, of Surety)

hereinafter called **SURETY**, are held and firmly bound unto

\_\_\_\_\_  
(7)  
(Name of Owner)

\_\_\_\_\_  
(7)  
(Address of Owner)

hereinafter called **OWNER** and unto all persons, firms, and corporations who or which may furnish labor, or who furnish materials to perform as described under the contract and to their successors and assigns in the total aggregate penal sum of

\_\_\_\_\_ (8) \_\_\_\_\_ DOLLARS  
(\$ \_\_\_\_\_ (8) \_\_\_\_\_) in lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

**THE CONDITION OF THIS OBLIGATION** is such that whereas, the **PRINCIPAL** entered into a certain contract with the **OWNER**, dated the \_\_\_\_\_ day of \_\_\_\_\_ (9) \_\_\_\_\_, a copy of which is hereto attached and made a part hereof for the construction of:

\_\_\_\_\_  
(10)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NOW, THEREFORE**, if the **PRINCIPAL** shall promptly make payment to all persons, firms, and corporations furnishing materials for or performing labor in the prosecution of the **WORK** provided for in such contract, and any authorized extensions or modification thereof, including all amounts due for materials, lubricants, oil, gasoline, coal and coke, repairs on machinery, equipment and tools, consumed or used in connection with the construction of such **WORK**, and for all labor cost incurred in such **WORK** including that by a **SUBCONTRACTOR**, and to any laborer, mechanic or materialman lienholder whether it acquires its lien by operation of State or Federal law; then this obligation shall be void, otherwise to remain in full force and effect.

**PROVIDED**, that beneficiaries or claimants hereunder shall be limited to the **SUBCONTRACTORS**, and persons, firms, and corporations having a direct contract with the **PRINCIPAL** or its **SUBCONTRACTORS**.

**PROVIDED, FURTHER**, that the said **SURETY** for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the **WORK** to be performed thereunder or the **SPECIFICATIONS** accompanying the same shall in any way affect its obligation on this **BOND**, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of this contract or to the **WORK** or to the **SPECIFICATIONS**.

**PROVIDED, FURTHER**, that no suit or action shall be commenced hereunder by any claimant:

- (a) Unless claimant shall have given the notice or notices required by applicable state law, in the manner required by applicable state law and within the time limits prescribed by applicable state law; or
- (b) After the expiration of the minimum period of limitation permitted by applicable state law.

**PROVIDED, FURTHER**, that it is expressly agreed that this **BOND** shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon amendment to the Contract not increasing the contract price more than 20 percent, so as to bind the **PRINCIPAL** and the **SURETY** to the full and faithful performance of the Contract as so amended. The term "Amendment", wherever used in this **BOND** and whether referring to this **BOND**, the contract or the loan Documents shall include any alteration, addition, extension or modification of any character whatsoever.

**PROVIDED, FURTHER**, that no final settlement between the **OWNER** and the **CONTRACTOR** shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

WITNESS WHEREOF, this instrument is executed in \_\_\_\_ (11) \_\_\_\_ counterparts, each of which shall be deemed an original, this the \_\_\_\_\_ day of \_\_\_\_\_ (12) \_\_\_\_\_, \_\_\_\_\_.

PRINCIPAL:

\_\_\_\_ (13) \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_ (15) \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_ (14) \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(SEAL)

Witness:

\_\_\_\_ (16) \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

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**SURETY:**

Name: \_\_\_\_\_ (17) \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_ (19) \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_ (18) \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(SEAL)

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**OWNER APPROVAL:**

The OWNER approves the form of this Payment Bond.

Date: \_\_\_\_\_ (20) \_\_\_\_\_

Name: \_\_\_\_\_ (21) \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_ (23) \_\_\_\_\_  
Secretary

(SEAL)

By: \_\_\_\_\_ (22) \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

NOTES:

1. The date of the Bond must not be prior to the date of the Contract.
2. The amount of the Bond must not be less than the amount of the Contract.
3. If the contractor is a partnership, all partners should execute the Bond.

If the contractor is a corporation, the Bond must be executed by an authorized official of the corporation. Authorization should be evidenced by a corporate resolution.

4. The surety must:

- (a) be a corporation which is authorized to conduct business in the State of Texas;
- (b) be a corporation which is licensed by the State of Texas to execute bonds as a surety; and
- (c) must appear on the Treasury Department's most current list (Circular 570 as amended). See the FMI.

5. The Bond must be executed by an authorized representative of the surety. Ordinarily, Bonds are signed by an attorney-in-fact or agent of the surety. The person signing the Bond for the surety should provide a copy of the power of attorney or other evidence of their authority to act on behalf of the surety.

6. The owner's attorney must review the construction contract, other contract documents and the payment and performance bonds. The attorney must certify in writing that these documents are adequate and that the persons signing these documents have been properly authorized to do so. RUS Instruction 1780, § 1780.61 (b).